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| Algeria | 4.00 Dn | Iran | 1.50 Td | Italy | 6.00 Nk |
| Angola | 19.10 | Israel | 1.00 | Japan | 8.00 |
| Bahamas | 0.50 Dn | Jordan | 0.50 | Lebanon | 0.50 |
| Belgium | 40.10 | Kuwait | 0.50 | Lithuania | 0.50 |
| Bolivia | 0.50 | Laos | 0.50 | Madagascar | 0.50 |
| Brazil | 0.50 | Latvia | 0.50 | Malawi | 0.50 |
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| Ceylon | 0.50 | Malawi | 0.50 | Monrovia | 0.50 |
| China | 0.50 | Mali | 0.50 | Morocco | 0.50 |
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| Iraq | 1.50 | Singapore | 0.50 | Soviet Union | 0.50 |
| Italy | 6.00 | Slovakia | 0.50 | Sudan | 0.50 |
| Japan | 8.00 | Slovenia | 0.50 | Swaziland | 0.50 |
| Lebanon | 0.50 | Soviet Union | 0.50 | Tanzania | 0.50 |
| Lithuania | 0.50 | Sudan | 0.50 | Togo | 0.50 |
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No. 31,501

LONDON, THURSDAY, MAY 31, 1984

ESTABLISHED 1887

Magaña Promises Death Squad Probe

Police Unit, Trained by FBI, to Act On El Salvador's Political Murders

By Lydia Chavez
New York Times Service
SAN SALVADOR — The FBI has trained a special Salvadoran security unit that will investigate death squad activities and political murders, according to the provisional president, Alvaro Magaña. "They were trained by the FBI," Mr. Magaña said. "We have been open to negotiation." Page 3.

working on this for four months, and everything is ready." Mr. Magaña talked about the new investigation unit in an interview at his office Monday and touched on many of the problems he has faced as the country's first civilian president in decades. The government's problem with investigating and prosecuting human rights abuses within the military, he said, is one example of how the Americans have been able to offer the Salvadorans training resources. Donald Hamilton, a spokesman for the U.S. Embassy, said the FBI had trained two officers and four enlisted men in the United States in investigative techniques. American advisers are prohibited by presidential guidelines from working with security forces, Mr. Hamilton said, but Congress, in approving a continuing resolution for aid to El Salvador, permitted the use of U.S. funds for work with internal security forces. (In Washington, an FBI official said that the agency had been asked by the State Department to provide training to members of the Salva-

doran police and military and that the FBI had accordingly included three Salvadorans in a recent training session in Puerto Rico. He said none of the training was specifically aimed at investigating death squads or political murders, "though they could use the training we provided to help them in those areas.") Mr. Magaña said the new security unit, which is under the control of the president, would be used to investigate "notorious and more difficult cases."

Mr. Magaña acknowledged, however, that it would be difficult to investigate military crimes. He said that the success in this area of the newly elected president, José Napoleón Duarte, who is to take office Friday, would depend on his "style and timing."

"If he wants to do certain things too quickly, he will not obtain any results," said Mr. Magaña, who was elected provisional president by the Constituent Assembly in April 1982. He expressed concern about the style of his successor, which he described as confrontational, and the problems he said Mr. Duarte would have with the armed forces. Mr. Duarte, Mr. Magaña said, is eager, perhaps too eager, to demonstrate that it is the civilian government, and not the military, that holds the power in El Salvador. The suspicions the military has about Mr. Duarte led Mr. Magaña to complete the formation of the special investigations unit. Although Mr. Duarte has said he would form such a unit, Mr. Magaña said he believed it would be more acceptable to the military if



Alvaro Magaña

the unit was already established by someone they trusted. "This is the type of thing that I could do and that would be difficult for Duarte because of his personality," Mr. Magaña said. "He would have to say that he is doing it, but not me, I don't need to say it. It's better that I leave the unit to him. It's better that he can say this is what Mr. Magaña left, and they can put the blame on me." Mr. Magaña said that for the first seven months of his administration he had constant problems in pushing the military to recognize the importance of human rights and to make reports on civilians who had been arrested. Eventually, he said, the mil-

Iraq Claims Air Strike On Target In Gulf

Baghdad — Iraq claimed a successful air raid Wednesday on a "big naval target" south of Kharg Island, Iran's main oil terminal in the Gulf.

A spokesman, reading a communiqué over Iraqi television, said that all planes had returned safely after the attack. The type of naval target was not immediately announced, but in the past that term has been used to describe tankers or other merchant vessels.

The spokesman said the attack "underscores our determination to tighten the blockade imposed on all Iranian ports, including Kharg Island," which is 126 miles (about 200 kilometers) south of Iraq.

However, the captain of a tanker loading at Kharg said in a radio-telephone interview that all was quiet, and that he knew of no attacks on shipping in the area. Reuters reported from Bahrain. In another development, Iran reported that Iraq had attacked the construction site of a nuclear reactor at the port of Bushire last March 24, a spokesman for the International Atomic Energy Agency said Wednesday.



TOUR OPENS — President François Mitterrand greeted Prime Minister Zhao Ziyang of China on Wednesday at the Elysée Palace. Mr. Zhao is in Paris at the start of a six-nation West European tour. Page 5.

Soviet Denies Sakharov Is on Hunger Strike

By Dusko Doder
Washington Post Service
MOSCOW — The Soviet government news agency Tass said Wednesday that Andrei D. Sakharov, the dissident nuclear physicist, was not conducting a hunger strike.

A friend of Mr. Sakharov, Irina G. Kristi, quoted the Nobel Peace Prize laureate earlier this month as saying that he had begun fasting on May 2 to press demands for medical treatment in the West for his wife, Yelena G. Bonner. Tass said Wednesday that Mr. Sakharov's announcement was a ploy to draw attention in the West to "his provocative writing."

strike? Here are the exact medical facts: Sakharov feels well, is eating regularly, and is leading an active way of life. The wording suggested that apart from terminating his protest, Mr. Sakharov was not bedridden and that his condition was normal. It was not possible to obtain independent confirmation as he lives in internal exile in the city of Gorki, 400 kilometers (250 miles) from Moscow. The city is closed to foreigners. [United Press International in Moscow quoted a Soviet source as saying that Mr. Sakharov had been hospitalized last Friday in Gorki. The source said doctors were very concerned about his health.] No other information about the Sakharovs was available. Dissident sources reported on Tuesday that travelers from Gorki said there were no lights in the Sakharov apartment and raised speculation that Mrs. Bonner may have been hospitalized. Wednesday's Tass report was the first authoritative Soviet statement on Mr. Sakharov's condition since he began his protest. He and Mrs. Bonner have been publicly assailed on several occasions recently. But none of these attacks contained any explicit information about the 63-year-old dissident. Tass repeated earlier Soviet assertions that there was no need for Mrs. Bonner to seek medical treatment in the West since she had medical services "at the country's best clinics where the most experienced eye specialists are employed." Mrs. Bonner received eye treatment in Italy in the 1970s. "The state of her sight is such that earlier this year she was allowed to drive a car, which she does," Tass said.

Land Battles Are Likely to Be Decisive In Gulf Despite Recent Use of Planes

By Drew Middleton
New York Times Service
LONDON — The consensus of intelligence sources in London and at NATO military headquarters in Belgium is that the war between Iran and Iraq will be settled as it began in 1980 — in a series of costly land battles.

Most analysts expect Iran to begin its long-threatened "final offensive" in the next two weeks. They cite as evidence the massing of Iranian forces on the Majnoon Islands in the marshes northeast of the Iraqi city of Basra and the movement of two divisions to Hamid to support ground operations.



NT

One result of extensive land operations, the sources believe, might be a decline in Iranian air attacks on tankers in the Gulf. At present, they added, Iran does not have the air power to support a major offensive and simultaneously continue operations against shipping. This situation could change, one specialist commented, if Iran is successful in negotiations with North Korea to buy 60 Soviet-built MiG fighters. The negotiations have been reported by intelligence sources in the Middle East. The Iranian buildup on the Majnoon Islands, seized from Iraq earlier this year, indicates to analysts that the first goal of the offensive would be to sever road connections between Basra and Baghdad, and Iraqi capital.

If Iranian human-wave tactics are used and are successful in the coming operations, most analysts feel the invaders will regroup and then turn north to strike at Baghdad. Theoretically, one British source said, the sheer weight of Iranian manpower should ensure success. But the Iraqis have gained over the winter and early spring from deliveries of Soviet and West European weapons and ammunition. The British source stressed that the movement of two Iranian divisions to Hamid, about 30 miles (48 kilometers) from the Iraqi frontier north of Basra, represented a quantitative rather than a qualitative reinforcement. The overall view among analysts in London and at the North Atlantic Treaty Organi-

U.S. Scientists Discover Each Other Yearly Meeting Yields Little New but Still Makes News

By Lee Dembart
Los Angeles Times Service
NEW YORK — Every year at this time, science starts making news.

It is not that more science is done now than at other times of the year or even that more important results are announced now. What accounts for all of the attention is the annual meeting of the American Association for the Advancement of Science, the largest science conference of the year, which has filled two hotels in New York City for the last five days with 188 symposia on everything from arms control to zoology, from game theory to video games — a veritable bazaar of science and 4,000 scientists.

Little that is said here is new. Most has already been reported in scientific or popular literature. The symposia are more an opportunity to review the current status of work in many fields than to break new ground. But almost everything currently under way in science is represented here — much, much more than anyone can listen to or comprehend.

In one room, Stephen Toolin, a professor of social thought at the University of Chicago, told a symposium on science and religion: "Science has developed to the point now where every small question is somebody's business but the large questions are nobody's business." In another room, Joseph Ford, a physicist at the Georgia Institute of Technology, told a symposium on order in chaos, "Graduate students

come and go, and most of them you just see as soon as you go." And Alan H. Guth, a cosmologist at the Massachusetts Institute of Technology who is trying to determine what happened in the first microseconds after the Big Bang, said, "The early universe is in many ways much simpler than the weather."

Meantime, Anthony Robbins, a congressional staff member, told a symposium on the intentional release of genetically engineered organisms into the environment: "We are far from being able to use lab tests to tell us how a living organism will behave, where and how it will survive and how it will interact with other organisms."

And in another room, Robert Gough, New York City's chief engineer for bridges, showed breathtaking slides of New York's Brooklyn Bridge to a symposium on the physics of everyday experience. "It was the last and the greatest of the line of suspension bridges built by intuitive design processes," said Mr. Gough. "Its design and construction came before the development of structural design and analysis."

No fewer than 10 sessions dealt with various aspects of nuclear war, positive proof, if anyone needed any, that science has been mobilized for military purposes. But judging by the speakers in many of those sessions, scientists are clearly uncomfortable in that role, though, like the politicians who engage them, they are unable to figure out how to turn the issue loose. Overwhelmingly, they insisted that President Ronald Reagan's "Star Wars" proposal for a space-based laser that would shoot down enemy missiles was unwelcome, destabilizing and a threat to world peace. Although prominent scientists

have been speaking out against the plan since the president proposed it last year, their view is not unanimous. Robert Jastrow, a space scientist at Dartmouth College, said the Reagan plan would be an important addition to American deterrence against an attack against the United States, even if it were not perfect. As in most arguments, each side has a party for the other's thrust, and there is no way to determine whether the space-based, antimissile system defense would require 2,500 satellites, as the opponents claim, or 50 satellites, as Mr. Jastrow contends.

"What we should be afraid of is that their agents inside the country will create differences and foment rifts," said Ayatollah Khomeini, Iran's spiritual leader. Meanwhile, the Iraqi foreign minister, Tariq Aziz, flew to Saudi Arabia to discuss the war. The Iraqis, who have crippled two Saudi ships in their blockade, have been in constant contact with Saudi Arabia to explain their actions. Saudi Arabia has been a major arms supplier for Iraq in the war. (AP, Reuters)



MINE LEADER HELD — Arthur Scargill, head of the National Union of Mineworkers, was arrested Wednesday for allegedly obstructing a road in Yorkshire as tempers rose in Britain's 12-week-old miners' strike. He was later freed on bail. Page 2.

Old Prison and 'Maxim's' Evoke Vietnam's Past

By William Branigan
Washington Post Service
HANOI — For the occasional foreign visitor who makes it as far as Son La, a day's drive west of Hanoi over bone-jarring roads, the old prison is a mandatory stop.

Built by Vietnam's former French colonial rulers early this century, but now in ruins, it helps to explain something of the motives of Hanoi's aging leaders. Among its inmates in the 1930s, according to guides, were many of the current leaders. They included Le Duan, the Communist Party chief, and Truong Chinh, the No. 2 man in the party hierarchy. Imprisoned for opposing the French, they were held in a secret underground section of the prison.

A tour of the Son La prison provides a reminder of how a common hardship can bind its victims together. Le Duan, 78, the heir of Ho Chi Minh, strikes some observers as frail and feeble, and he has been reported in poor health. Yet he has remained in the top party post longer than many Western analysts expected, possibly because no obvious successor has emerged. Truong Chinh also is 78, and the No. 3 man in the party. Prime Minister Pham Van Dong, 79. The fourth man in the hierarchy, Interior Minister Pham Hung, is 72, and the fifth, Le Duc Tho, is 74.

and a menu that includes *crabe farcie* and *tournefos chasseur*. Fortunately for connoisseurs, both foreigners and the rare Vietnamese who have a lot of dong, the local currency, the only French restaurant in Hanoi has survived a crackdown earlier this year on such privately owned establishments and is functioning again in a couple of Mrs. Dung's rooms at the end of a narrow alley and up a steep flight of stairs.

At 700 dong, the Bordeaux might be out of reach of the average Vietnamese. The price represents three and a half times the average low-level government employee's monthly salary, or \$38 at the official exchange rate. But at the black-market rate for the dollar, the bottle comes to \$4.37.

Dubbed "Maxim's" by foreign patrons, Mrs. Dung's establishment provides fairly tasty fare, it probably would be unlikely to attract any but the most adventurous food critic. Large rats gambol through a kitchen at the foot of the stairs.

In a dark street in the middle of Hanoi, drivers of *cyclopoises* — the three-wheeled pedicabs that serve as the Vietnamese capital's only taxis — sleep in their vehicles next to dilapidated French colonial buildings dating from the turn of the century. One of the drivers, who are among the power of Hanoi's

HANOI NOTEBOOK

citizens, struggling to earn a few free-market dong, remember the French colonial period with a certain nostalgia. Speaking in rusty French, the driver said he had been a second-year law student before the French pulled out of Indochina in 1954. Why he stopped his studies, and why he now pedals a cyclopoise for a living, he would not explain.

A few blocks away from the *dark alley*, a schoolgirl sits in the middle of a main avenue under a street lamp reading aloud from a book as she tries to learn her lessons by rote for an exam. (There are few cars in Hanoi — no private ones to speak of, and none at all on the road this midnight.) This method of study is fairly common here, as many students' homes either lack electricity or are too crowded for such late-night cramming. If she pursues her studies and joins the thousands of students sent to Soviet-bloc countries for advanced training, it is unlikely that she will get the job she has trained for. Western diplomats said this has become an increasingly common problem, one that contributes to the state's inefficiency. It is a problem that results in mathematicians working as translators and engineers as cooks.

'Moscow? Let Me Talk to Brezhnev'

American Callers Range From Angry to Amiablely Drunk

By Dan Fisher
Los Angeles Times Service
MOSCOW — It was mid-morning here, but the bars were just closing. Pennsylvania And a customer at one of those bars, unhappy about the Soviet decision to boycott the Los Angeles Olympics, did what any inebriated sports fan might do. He picked up the telephone and called Moscow.

"I really like you guys over there," he said, slurring his words. Apparently, he thought he was talking to a Russian. Actually, he was talking to an American secretary. As usually happens with such calls, he had reached the first place Americans think of in Moscow — the U.S. Embassy.

Scores of Americans make such calls every year, according to embassy personnel, usually in connection with some widely publicized development such as the Olympics boycott or the downing last September of a South Korean airliner by a Soviet fighter plane. There was a flurry of calls last year after the Russians walked out of arms-control negotiations in Geneva. The call from Pennsylvania was one of several inspired by the Olympics boycott. On this occasion, most of the callers seemed to be more bemused than angry.

One caller, a Midwestern farmer, said he wanted to know "how we can get across to them that it's safe" to send a Soviet team to Los Angeles, as the Russians have described as having a dangerous level of violent crime. An Oregon caller wanted the embassy to help arrange a meeting with the Soviet leader, Konstantin U. Chernenko. He said he was certain that a man-to-man chat could persuade the Soviet president to change his mind and take part in the Games. Only one caller wanted to let the Russians know he was glad they had decided not to go. His name was Sam; he had called from a pay phone in Wisconsin; and he was drunk. The American telephone

operator had obviously been humming in for some time. "OK, Sam, now put in five dollars' worth of quarters for the first three minutes," she was heard to say.

Not all the callers have been drinking. Some do it for the fun of it. Some are lonely, others scared. "Half of them, you can tell, are getting a real kick out of just calling Moscow," said a woman at the embassy. "Gee, they say, 'Is this really Moscow? How's the weather there?'"

Most American missions abroad get such calls. An officer here remembers one call she handled while stationed in Berlin. A man called from Dallas asking for the embassy's help in finding his 27-year-old daughter, who he thought might be in East Germany with her mother. Asked how long it had been since he had been in touch with the young woman, he replied that he had never seen her.

"You've got to wonder what it was, on a Tuesday night in Dallas 27 years later, that inspired this guy to call," the embassy woman said. The embassy in Moscow, however, seems to get some of the strangest calls. Last year around Christmas, a woman called and indicated that she was upset that Soviet-American relations were in such a bad state. She had called the White House but had received no satisfaction, she said. So she called Moscow.

have trouble returning to the United States if he should change his mind. "What do you mean, I might have trouble?" he said. "I was born here." Every year, there are several callers who fully expect the embassy to put them through to the Kremlin. "I want to tell them how upset people are in this country," said a woman who called repeatedly after the South Korean airliner incident in which 269 persons died. Many of the callers, an embassy officer said, "feel that they hold the key to saving the world; if they can only get in touch with the right people."

When they learn that the embassy cannot even give them a phone (Continued on Page 2, Col. 1)

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TOMORROW
■ Michael Frayn, the playwright, was only partly joking when he hoped his new comedy would get his laughs. Mr. Blume reports. Weekend.

U.S. Diplomat Is Beaten After Leningrad Meeting With Russian Contacts

By Dusko Doder

Washington Post Service

MOSCOW — An American diplomat was assaulted and beaten in Leningrad recently in an incident that U.S. sources believe was officially inspired.

A U.S. Embassy spokesman con-

firmed that Consul Roland Harms was hit several times and knocked to the ground as he was leaving a restaurant in central Leningrad after meeting Soviet contacts.

Several young men attacked Mr. Harms in broad daylight and "beat him up" outside the restaurant, which is not far from the U.S. Consulate General, the spokesman said. Mr. Harms did not require hospitalization.

The United States has lodged an official protest both in Moscow and in Washington over the incident, which occurred April 17. Explaining the delay in publicizing the attack, U.S. officials have said only that it is a standing practice not to disclose such incidents.

There was speculation that Mr. Harms, 35, had met with Soviet dissidents, but the embassy did not identify his contacts.

Reached by phone in Leningrad, Mr. Harms confirmed the gist of the story but refused to comment on any aspect of it. He has been in Leningrad for two years and his wife, Norma, is also on the consulate's staff.

A physical attack on a U.S. diplomat in broad daylight in the Soviet Union is virtually without precedent. U.S. officials are frequently subjected to various forms of harassment, such as intensive surveillance, and there have been occasions when officials were roughed up by plainclothesmen, but not to the extent of being hit or knocked down.

Diplomatic observers said the incident reflected the continued deterioration in Soviet-U.S. relations. Abroad, Moscow has announced new deployments of nuclear arms in East Germany and around the United States, while at home it has taken an uncompromising stand toward the hunger strike by Andrei D. Sakharov, the dissident nuclear physicist, and there has been an effort to discourage Soviet citizens from meeting foreigners.

Officials in Washington said that there seemed to have been increased surveillance of U.S. attaches in Leningrad in recent weeks and noted that several foreign tourists had been expelled from that city after attempting to contact dissidents.

■ **Daily Makes Spying Charge**
The Soviet armed forces' daily, Krasnaya Zvezda, has accused the U.S. Consulate General in Leningrad of being a base for spying. United Press International reported Wednesday from Moscow.



The U.S. ambassador to Lebanon, Reginald Bartholomew, accompanied by bodyguards, inspects reinforced security measures inside the embassy compound on Wednesday.

Beirut's East-West Crossing Is Closed Briefly

United Press International

BEIRUT — A wave of kidnappings by Lebanese factions led Wednesday to the brief closing of the Museum crossing, the only passage between East and West Beirut, policemen and witnesses said.

Police said the kidnapping victims were released and traffic resumed shortly after a security committee representing Lebanon's

Christian and Moslem militias intervened.

A similar wave of kidnappings at both ends of the crossing Monday had led police to close the passage for two hours.

Meanwhile, witnesses said that U.S. marines were building a bunker with wooden beams and sandbags on the seaside cornice outside the U.S. and British missions in West Beirut.

U.S. Backs UN Condemnation of Iran

By Margot Hornblower

Washington Post Service

UNITED NATIONS, New York — The United States is unofficially backing a draft resolution before the UN Security Council that would condemn recent Iranian attacks on Gulf ships without mentioning similar attacks by Iraq.

However, the ultimate form of the resolution proposed by six Arab Gulf nations is still under intense review among members of the 15-nation body.

"The best outcome of the Iran-Iraq war as far as the U.S. is concerned would be a stalemate," said one U.S. diplomat, reflecting cool U.S. relations toward both warring nations despite what some officials in Washington say is a U.S. tilt toward Iraq.

At the same time, the United States is anxious to show support for Saudi Arabia and Kuwait, who complain that Iran has escalated the conflict by attacking their ships outside the war zone. The Saudis

and the Kuwaitis are sending economic aid to Iraq.

Unlike many issues that come before the United Nations, there is no clear-cut East-West split on the Iran-Iraq war. "To a certain extent the U.S. and Soviet interests are parallel," said one U.S. diplomat.

"The nonaligned exert a determining influence on the Security Council because they represent seven or eight votes," said David Gore-Buxton, counselor at the British UN mission. "But because this dispute hasn't taken on superpower rivalry, the nonaligned find it difficult to form a view. It is an issue which they find distinctly awkward."

For the time being many nations are content to walk a neutral line. The situation "seriously threatens the peace and prosperity of the entire world," Ambassador Mitsu Kuroda of Japan told the Security Council, adding, "My country has friendly relations with both. It does

not favor one over the other." Japan is heavily dependent on imported oil.

The Security Council resolution, Mr. Kuroda added, should call upon Iran and Iraq "to exercise maximum restraint so hostilities do not spread."

Britain and the Netherlands, both members of the Security Council, are leaning toward a "more balanced" resolution that would name neither Iran nor Iraq, thus condemning attacks by either one. However, France, which has sold Exocet missiles to Iraq, is willing to back a strong anti-Iranian resolution.

Saudi Arabia is lobbying for the new version of the resolution that "condemns the recent Iranian attacks on ships en route to and from the ports of Kuwait and Saudi Arabia" and "demands that such attacks should cease forthwith." The original text stated that the Security Council "strongly condemns Iran for its unjustified attacks on ships en route to and from the ports of Kuwait and Saudi Arabia."

Mohammed bin Mubarak Al Khalifa, foreign minister of Bahrain, which is sponsoring the resolution with Saudi Arabia, Kuwait, the United Arab Emirates, Qatar and Oman, said Iranian attacks threaten to "internationalize" the conflict. "Some influential states," he said, "are still calling for a stop from a distance, without taking serious collective steps to stop it."

Frankfurt Court Bars Lockouts

Metal Strike Spreads;
No Sign of New Talks

Compiled by Our Staff From Dispatches

FRANKFURT — The Frankfurt labor court ordered employers Wednesday to call off lockouts in Hesse state that had idled more than 26,000 metalworkers earlier in the day in West Germany's worsening labor conflict.

The court ruled that the Metal Industry Employers Association in Hesse could not approve lockouts. The association was ordered to withdraw its lockout order by June 6 or face a fine of 500,000 Deutsche marks (about \$185,000).

Lawyers for the IG Metall union had sought an injunction to halt the lockouts by 16 metalworking plants in the Hesse region, arguing that lockouts were not permitted under the Hesse state constitution.

The employers said they would challenge the decision in an appeals court Friday and hoped to have it overturned the same day. So far, the federal labor court has refused to bar lockouts.

News of the labor court's verdict was greeted with cheers by about 2,500 workers who rallied in driving rain in Frankfurt's medieval Römerplatz.

The court action came a day after talks between IG Metall, which represents two and a half million metalworkers, and employers collapsed in Ludwigshafen.

There was no sign of new contacts between the two sides Wednesday. On Tuesday, the union rejected an employers' offer to reduce the basic 40-hour week by two hours for some shift workers.

The metalworkers seek a 35-hour workweek with no reduction in pay, but the employers say they cannot afford such an arrangement.

Nationally, more than 300,000 workers have been idled by the dispute over labor demands for the 35-hour workweek.

In Kassel on Wednesday, transport workers walked out for two hours in response to a call by the trade union federation DGB for strikes in solidarity with the metalworkers. The walkout caused early morning traffic jams in heavy rain.

Car production is almost at a standstill in West Germany. Most plants are closed, either by strikes, lockouts or layoffs, and Volkswagen has placed 95,000 employees on compulsory holiday.

Meanwhile, a dispute over an exercise by a Hesse-based unit of the paramilitary federal border protection service spread to the Bundestag on Wednesday.

Press reports said the exercise, conducted at a British Army training camp in the northern part of West Germany, simulated the forcible suppression of striking workers.

An Interior Ministry spokesman said the reports were partly correct. He did not elaborate.

The Greens party submitted a series of parliamentary questions to the government about the exercise. (AP, Reuters)

WORLD BRIEFS

U.S. High Court Issues Land Ruling

WASHINGTON (AP) — The Supreme Court ruled Wednesday that states may force landowners to sell off their property so that more residents have a chance to buy smaller parcels of land.

In an 8-0 decision, the court upheld a land reform program in Hawaii designed to break up concentrated land holdings. Justice Sandra Day O'Connor, writing the opinion for the court, said that states may use their so-called condemnation powers to transfer property from one private owner to another as long as the aim is a broad public benefit such as alleviating a housing shortage.

In the case of Hawaii, "no purely private taking is involved," she said. "The Hawaii legislature enacted its land reform act not to benefit a particular class of identifiable individuals, but to attack certain perceived evils of concentrated property ownership." In 1959, when landowners first challenged the law in federal court, 22 major landowners owned 72.5 percent of the land on Oahu, Hawaii's most populous island, and the three biggest owners controlled 58.4 percent of the land there.

4 Die, 50 Injured in Haitian Riots

PORT-AU-PRINCE, Haiti (UPI) — Cap Haitien, Haiti's second largest city, was reported tranquil Wednesday after a day of rioting in which four died and more than 50 people were hurt, government officials said. Witnesses claimed the death toll was higher.

The riots in the northern city erupted in protest of recent government policies banning political activities. Rioting broke out in Gonaives last week and in Cap Haitien Tuesday, and the situation was reported tense in Port-au-Prince, the capital and largest city.

Two weeks ago, the government of President Jean-Claude Duvalier banned all political activities, including the publication of magazines and pamphlets critical of the government.

Coup Attempt Foiled in Upper Volta

PARIS (AP) — A plot to overthrow the government of Upper Volta was foiled by the arrest of a dozen army soldiers, the French news agency Agence France-Presse reported Wednesday.

In a report from Ouagadougou, the capital of the West African country, the news agency said the arrests were made Sunday, the day before the coup was scheduled to be carried out. AFP said government sources confirmed only that a coup attempt had been set for May 28.

Captain Thomas Sankara took power in Upper Volta in August 1983 in a coup in which about 20 people were believed to have been killed. He toppled Major Jean-Baptiste Ouedraogo from the presidency.

Dutch Missile Compromise Reported

THE HAGUE (Combined Dispatches) — The split over Cruise missile deployment within the Dutch cabinet's Christian Democratic majority has been tentatively healed by a compromise that would delay a decision four more years, according to a Dutch press report Wednesday.

Under the compromise plan, next month's scheduled decision whether to deploy the missiles in the Netherlands, where there is broad public opposition to them, would be delayed until 1988, the Amsterdam daily De Volkskrant reported.

In West Germany, the peace movement said Wednesday, and military sources confirmed that the North Atlantic Treaty Organization already has stationed at least 30 U.S. Pershing-2 nuclear weapons at two American army bases. NATO plans to install 108 Pershing-2 and 96 cruise missiles in West Germany by 1986. (AP, UPI)

British Ferry Strike Strands Hundreds

LONDON (AP) — Hundreds of travelers bound for Ireland and the English Channel Islands were stranded Wednesday in British ports as a 48-hour strike by the National Union of Seamen halted most British-operated ferries.

Travelers bound for the Continent faced long delays in changing to continental-run ferries, largely unaffected by the strike. British hovercraft crossing the English Channel were expected to operate normally.

The union called the strike a protest against government plans to sell off Sealink, a subsidiary of state-owned British Rail, to private ownership within the next few weeks. The union says the move cost a quarter of Sealink's 10,000 employees their jobs.

For the Record

President Jao Baptista Pinheiro of Brazil ended a state visit to China on Wednesday after seeing the Great Wall and the Ming Dynasty tombs. His delegation also signed cooperation agreements with the Chinese in economics, technology and science and a memorandum on exchanging information on nuclear energy. (UPI)

Five bombs exploded outside government offices in Madrid and three other Spanish cities early Wednesday, causing damage but no casualties, police said. An anonymous telephone caller said one bomb in Valencia had been planted by the Catalan separatist group Terra Lliure (Free Land). (Reuters)

The United Nations Security Council, in rare unanimity, extended the mandate Wednesday of the UN peacekeeping force in the Golan Heights of Syria for another six months. (Reuters)

About 1,500 students of all races boycotted classes Wednesday at Witwatersrand University in Johannesburg to demonstrate against what they said were injustices in the country's racially divided education system. (Reuters)

Irish authorities said Wednesday they were investigating the death of Niall Rushe, 31, a paid volunteer who died Tuesday minutes after being injected with an experimental heart drug called Eprazinone 4/0089, which is under development by an unidentified multinational corporation. (UPI)

Correction

In a map that appeared in a special report on the United Arab Emirates in the International Herald Tribune of May 26-27, North Yemen and South Yemen were incorrectly identified.

FBI-Trained Salvadoran Unit To Investigate Death Squads

(Continued from Page 1)

country was not ready to accept the participation of the left in this year's elections.

"If they had said, 'We are going to participate in the elections,' Mr. Magaña said, 'I would have cut the talks off. But I was lucky, they didn't do it.'"

Nevertheless, Mr. Magaña said that by working together in the period between 1982 and the presidential elections in 1984, the different parties had learned how to negotiate. At the suggestion of James J. Kirkpatrick, the U.S. representative to the United Nations, Mr. Magaña ruled the country through a political commission that included representatives of political parties and the military, he said.

Nothing was done without the agreement of the commission, which included the far-right Nationalist Republican Alliance, known as ARENA. This meant that by the time legislation reached the assembly floor there was at least partial agreement among the political parties.

"It was Mrs. Kirkpatrick who gave me this idea," Mr. Magaña said. "She told me to take the power away from the assembly and put it in this commission."

Despite the commission, Mr. Magaña said, he still has considerable problems dealing with the "ultra-right" faction in ARENA.

"Look, there are people whose attitudes are difficult to understand," Mr. Magaña said. "When I began to talk about dialogue, they said no dialogue, it is treason, and when I said we were going to maintain the reforms they wanted to end them. But this is a small sector. I worked reasonably with most of the people in ARENA."

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British Police Arrest Miners' Union Leader

Compiled by Our Staff From Dispatches

SHEFFIELD, England — The leader of Britain's striking miners was arrested Wednesday and pitmen stormed the National Coal Board as the 12-week confrontation became increasingly violent.

Arthur Scargill, militant president of the National Union of Mineworkers, was taken into custody when he tried to lead 100 miners through police lines to picket a coking plant near Sheffield, the industrial hub of Yorkshire in northern England.

Twenty minutes later, 40 miners burst into the London headquarters of the National Coal Board and occupied the industrial relations office to demand Mr. Scargill's release.

Police said a doorman was hurt as the miners pushed their way in. The strikers, from the nearby Kent coalfield, left peacefully four hours later.

Mr. Scargill, 46, was released on bail until July 10 after pleading not guilty to charges of obstructing a public highway.

Mr. Scargill was seen jostling with police when they barred his way as he tried to march to the plant. He was led to a police van.

America Darkened by Eclipse

The Associated Press

ATLANTA — Skies darkened across much of the United States Wednesday as the moon blocked the sun in nation's last major solar eclipse for this century. Astronomers and amateur moon gazers gathered at observatories, parks and parties to watch.

A national miners' strike helped to bring down the Conservative government of Edward Heath in 1974.

This time, however, Mr. Scargill has not been able to get the moderate Nottinghamshire miners to join the walkout, and the power stations built large stocks of coal in anticipation of the strike. (Reuters, AP)

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Guerrilla Says Officer Trials May Be Issue In Salvador

By Stephen Kinzer
New York Times Service

MANAGUA — A Salvadoran rebel leader says that if peace talks were started, the issue of whether officers of government forces would be tried on criminal charges would be "open to negotiation."

"The question of whether there would be trials, or even the question of who would be tried and who would not, could be the subject of mutual agreement," the rebel leader, Rubén Zamora, said Monday.

Mr. Zamora, a director of the Democratic Revolutionary Front, the political arm of five rebel groups, said President Luis Alberto Monge of Costa Rica had promised, during a visit there by the rebel leader this week, to provide help in promoting talks.

He said Mr. Monge had offered his country or, alternatively, the Costa Rican Embassy in San Salvador as a site for talks.

Since José Napoleón Duarte was elected president of El Salvador this month, several senior Salvadoran officers have privately speculated that his administration might open a negotiating process that could lead to exhaustive investigations of their participation in illegal acts.

Mr. Duarte has said he will pursue investigations of death squads and clandestine paramilitary units. Officers say they believe Mr. Duarte is prepared to discuss the



Rubén Zamora

fate of the senior officer corps if serious negotiations begin.

"I know that when they get together, they are going to be talking about me," said a colonel who has been accused of human rights abuses.

Salvadoran insurgents repeated the call they made last week for "dialogue without preconditions and with an open agenda."

The offer occurred in separate but similar statements from the civilian Democratic Revolutionary Front and its guerrilla partner, the Farabundo Martí Liberation Front.

"What we must do to achieve an agreement is to deinstrumentalize the conflict," Mr. Zamora said. "Let us Salvadorans take on this task of dialogue ourselves."

Reagan Defends Support Of Nicaraguan Rebels

New York Times Service

WASHINGTON — President Ronald Reagan, in an interview with Irish television, has vigorously defended Nicaraguan rebel operations, asserting that criticism of the CIA-directed mining of Nicaraguan ports is "much ado about nothing."

"I'm not doing this because I've got a yen to involve ourselves or spend some money," the president said of the operations.

The interview, conducted Monday in Washington, was broadcast Tuesday in Ireland. A text was released by the White House.

"Right now, there is a Bulgarian ship unloading tanks and armored personnel carriers at a port in Nicaragua," Mr. Reagan declared.

"That is the fifth such Bulgarian ship in the last 18 months. Just a week or two ago, there were Soviet ships in there unloading war materiel. Now the Nicaraguan government, the Sandinista government, is funneling this through to the guerrillas."

Mr. Reagan also said that he felt people in Ireland who were planning to demonstrate against his Central American policies might be sincere but were "misinformed." The president leaves for a visit to Ireland on Friday.

Despite warnings that money for operations against Nicaragua will run out June 1, the CIA plans to keep U.S. agents in operation until October in hopes of persuading Congress to provide more money, administration officials said Tuesday.

The White House, rebuffed by

the refusal of the House of Representatives last week to vote more money for Nicaraguan rebels in the current fiscal year, will make another attempt to keep the program alive next week in the Senate, which approved \$21 million in additional funds in early April.

"We intend to follow through on this request," a White House official said. "But there isn't much optimism."

Senator Daniel Patrick Moynihan, Democrat of New York and deputy chairman of the Senate Intelligence Committee, urged the administration Tuesday not to press for more money.

"The thing is that Congress no longer supports this activity," Senator Moynihan said by telephone from his home in upstate New York. "It might not pass the Senate, and it will not pass the House."

Senator Moynihan added that many Democrats in Congress feared the CIA would try to get around the congressional refusal to vote more money by getting third parties to finance the operations or use funds from other programs.

"There's a generalized suspicion that they are making an end run now financially," he said.

George Lauder, a CIA spokesman, denied any effort by the agency to circumvent congressional restrictions by getting money elsewhere.

"It's unfortunate that Senator Moynihan feels this way," Mr. Lauder said. "The CIA has asked no one for funds for Nicaragua but the Congress of the United States."

Moped Invasion Pushes U.S. Island Toward Leaving State

By Fox Butterfield
New York Times Service

BLOCK ISLAND, Rhode Island — A casual visitor might mistake for comedy the talk of revolution on this tranquil little island with its sandy cliffs, fields of June grass and weathered Victorian hotels.

But many of Block Island's 620 year-round residents are angry, so angry at the courts and the legislature of Rhode Island that they intend to vote for secession from the state next week at a town meeting. Then they would have to persuade the state to let the island go. If they should manage it, both Connecticut and Massachusetts have already offered to accept them.

Block Islanders are angry because the Rhode Island authorities have repeatedly turned down their efforts to control an invasion of moped riders from the mainland, 12 miles (19 kilometers) away, which they feel threatens their safety, privacy, even their way of life.

"I think everybody's behind the revolution," said Martha A. Ball, the treasurer of New Shoreham, the only town on this 11-square-mile island. "I don't remember any issue in my lifetime that's brought people together like this. Republicans, Democrats, people who don't want to get involved."

What has further enraged many people here is that one of the dealers who rents mopeds to tourists in the

summer has filed a suit against the town and 13 local officials charging them with a conspiracy to harass and "unlawfully regulate" his business. The suit asks for \$1.5 million in damages from the town and \$25,000 from each of the individuals, including Miss Ball, who traces her ancestry to one of the original settlers of the island in 1661.

The action was filed in Federal District Court in Providence by Mark J. Hagopian, the owner of Miles-Us-Ltd.

Willis N. Brown Jr., another of the moped dealers, contends that island residents have vandalized his machines, tried to drive moped riders off the road with their cars and refused to sell him gas or rent him an apartment. Brown, an airline pilot who is a resident of Connecticut, comes to Block Island to run his business only in the summer, like most of the other dealers.

"There are some very powerful people out here with lots of money who want to get rid of us," he said, standing over a fleet of 50 shiny red Japanese-made mopeds. Last year, he said, some of the brake and throttle cables and gas lines on his machines were cut and some tires were slashed.

"I'm not pushing dope or shucking jive," said Mr. Brown, who served in the air force in Vietnam. "I'm just practicing the American free enterprise system, trying to earn money to put my kids through college."

The battle started in the late 1970s as the number of tourists coming to Block Island more than doubled to

more than 10,000 a weekend and a handful of entrepreneurs began renting them mopeds. The vehicles proved a convenient, inexpensive way to get around the island's narrow twisting roads.

But they were also a "menace," said Lisa Sprague, head of the island's volunteer rescue squad.

"People who have never ridden a bicycle before rent them, thinking they are a toy," Mrs. Sprague continued. "They get on, sometimes after a few drinks, and crash."

There is no hospital or ambulance service on the island, so Mrs. Sprague and her colleagues on the 12-member rescue squad have to tend to the injured. In the summer of 1982 they got 42 calls, last summer 78. "It really ruins your own summer," said Mrs. Sprague. "You just get settled on the beach when your beeper goes off."

If someone is seriously injured — last year there were fractured skulls and a pregnant woman who lost her baby — someone from the rescue squad must accompany the victim to a hospital on the mainland. Because the ferry and plane service to Block Island is often interrupted by fog and storms, that can mean waiting a day or longer for a return connection.

All the members of the rescue squad have threatened to quit if something is not done about the mopeds.

The mopeds, which now number about 500, are also considered an annoyance.

"You buy a house for \$100,000 to \$200,000 down a dirt road and you expect some privacy," added Mrs. Sprague. "But they suddenly come whipping around your house and garden without any regard for anything."

In 1981, however, a Rhode Island Superior Court struck down a town ordinance that tried to limit the number of mopeds allowed on the island. Then last summer, after the town passed an ordinance banning the introduction of any further mopeds onto the island, the Superior Court ruled that the ordinance was "unduly oppressive" and "unconstitutional." The ruling was upheld by the state Supreme Court.

Last fall the town voted 200-0 to appropriate money to hire a lawyer to prepare two bills for the legislature that would give Block Island the power to regulate the moped dealers or require anyone using mopeds to have a motorcycle license. The bills were both rejected in committee by the state Senate.

Norris Pike, a member of the Town Council who introduced the secession idea at a meeting earlier this month, thinks history may provide help. In the War of 1812, he related, when the British imposed a blockade along the American coast, Block Island was cut off from the mainland and declared its neutrality.

"It's not clear whether Rhode Island ever recorded our charter after the war was over and took us back," he said.

U.S. Asking Firm NATO Arms Stand

The Associated Press

WASHINGTON — The United States expects its allies to agree that concessions designed to lure the Soviet Union back to the nuclear arms bargaining table would be seen as a sign of weakness, a senior U.S. official said Wednesday.

"We expect our allies to share in that view," he said in a news briefing on the meeting of the foreign ministers of the 16 North Atlantic Treaty Organization nations.

The foreign ministers were engaged in informal discussions Wednesday at the Wye Plantation on Maryland's Eastern Shore on the Chesapeake Bay.

They arrived Tuesday after hearing U.S. and West European leaders accuse the Soviet Union of a reckless and intimidating drive to achieve military superiority.

The briefing official said some participants believe the Soviet Union is reacting to the failure of its efforts to exploit West European public opinion and derail the deployment of new U.S. medium-range nuclear weapons.

Asked about the possibility of concessions to bring the Soviet Union back to suspended arms talks, the official replied, "It is the U.S. position that making concessions at this stage would be a sign of weakness."

[NATO Secretary-General] Joseph Luns, 72, said the conflict in the Gulf is expected to be a major topic of discussion, United Press International reported.

[Mr. Luns said the foreign ministers would discuss the recent attacks on ships in the Gulf by both Iraq and Iran, and moves to bolster the defenses of Arab nations in the region.]

■ France Assails Kremlin

Minister of External Relations Claude Cheysson of France accused the Soviet Union of trying to intimidate the Atlantic alliance and of having contempt for human rights. The New York Times reported Tuesday from Washington.

Mr. Cheysson, the honorary chairman for the Maryland sessions, said the NATO countries were ready to work for agreements with the Soviet bloc but the Soviet Union was not pursuing the same course.

The main item on the agenda is a report on East-West relations that reportedly reaffirms the alliance's readiness to negotiate equitable accords with the Soviet Union but at the same time affirms a need for realism and strength in the alliance.

West German officials say there are some differences between Washington and Bonn on the language of the statement to be issued at the end of the meeting, with Bonn wanting language more conciliatory to the Kremlin than Washington thinks is justified by Soviet behavior.

Panel of Anglicans Supports Right of In-Laws to Marry

The Associated Press

LONDON — People related by marriage but not by blood should be allowed to marry, a panel of the Church of England recommended Wednesday after reviewing taboos dating back to the 16th century.

But the group of five women and four men split on the issue, with one woman and two men saying step-parents should never be allowed to marry step-children they had raised from childhood.

The minority also disapproved of marriage between a man and his daughter-in-law or a woman and her son-in-law. Those panelists felt that such in-law marriages would lead to sexual rivalry between a parent and the offspring who had been divorced.

Archbishop of Canterbury, Robert Runcie, set up the panel in 1982 to "thoroughly study" the matter, after the House of Lords voted down four bills since 1979. Baroness Nancy Seear, a Liberal Party politician, headed the panel.

In the 16th century, a table was drafted for the Anglican Book of Common Prayer listing 30 relatives a man could not marry and similar forbidden marriages for a woman. The bans were written into English law with slight modifications over the centuries.



BURDEN OF OFFICE — President Ronald Reagan tries out the weight stress machine while on a visit to the U.S. Olympic Training Center in Colorado Springs. He was on a two-day trip to Colorado that was paid for by his re-election committee.

Genscher Move Alarms Kohl's Party

His Vow to Step Aside Puts Coalition Future in Question

By James M. Markham
New York Times Service

BONN — The axis of the center-right coalition that has governed in Bonn for the last 20 months has been a close friendship between Chancellor Helmut Kohl and Foreign Minister Hans-Dietrich Genscher, who in this starry town for years have called each other by the familiar "du" form in German.

So, when Mr. Genscher disclosed recently that he will not lead his troubled Free Democratic Party in the 1987 elections, it was as if a beam had snapped in the sagging construction that the Kohl coalition has lately become.

The foreign minister's unexpected announcement was, in the view of many in his party, dictated by a pressing need to defuse opposition to his re-election as the Free Democrats' chairman at a congress that opens Friday in Münster.

By promising to vacate the stage he has dominated for a decade, Mr. Genscher, 57, appears partially to have assuaged a restless and stymied younger generation in the party. "We are about to experience a change of generation in the FDP that will touch more than Genscher," predicted Helmut Schäfer, 51, a Free Democrat member of parliament.

But, with the Free Democrats' popularity at an all-time low, Mr. Genscher's decision has spread uncertainty and even alarm in the more conservative Christian Democratic Party of Mr. Kohl. In private, senior Christian Democrats voice the fear that the emerging generation of Free Democrats will be unpredictable and uncomfortable coalition partners, particularly since they will be struggling for the survival of their little party.

"A lot of people in the FDP have never been emotionally reconciled to the change," noted one important Christian Democratic figure, alluding to the Free Democrats' wrenching switch of parliamentary allegiance from the Social Democrats 20 months ago. The change-over toppled the government of Chancellor Helmut Schmidt.

"With Genscher leaving," added the politician, "I think this emotional rejection in the FDP will grow stronger."

At the state level, the Free Democrats have been stumbling from one electoral debacle to another and face an important symbolic test in the elections to the European Parliament on June 17. Most polls show them drawing less than the 5 percent of the popular vote

needed to secure representation, and trailing well behind the leftist Greens party.

Free Democratic strategists acknowledge that a failure to get into the largely ceremonial European Parliament will make it even more difficult for their financially strapped party to raise funds for critical election campaigns next year in West Berlin, the Saarland and North Rhine-Westphalia, the country's biggest states.

Roots in these three elections, many politicians believe, could seal the party's doom and persuade the Christian Democrats that, rather than clinging to a dying Free Democratic Party, they should cut it loose and try to win an absolute majority in the Bundestag in 1987.

"I still believe that in 1987 we will have a coalition with the FDP," said a close aide to Chancellor Kohl. "But a big party like the Christian Democrats has to have a fall-back strategy, too."

Mr. Genscher's declaration that a "younger person" should lead the Free Democrats in the next general election follows two sharp personal rebuffs from a party grown irascible by his lack of attention to its daily affairs.

A rebellion led by Irmgard Adam-Schwaetzer, the outgoing general secretary, this month forced the foreign minister to withdraw backing for a controversial coalition plan to grant an amnesty to politicians and businessmen involved in making illegal party donations. Both Mr. Genscher and the chancellor were severely embarrassed when the amnesty draft law had to be killed.

"People in the party were just fed up," said Mrs. Adam-Schwaetzer, explaining the uprising against what she portrayed as the foreign minister's aloof handling of party affairs.

Then Mr. Genscher's attempt to impose Karl-Friedrich Brodersen, an obscure party functionary from North-Rhine Westphalia, as the next general secretary stirred another angry revolt. The foreign minister was obliged to accept instead the designation of Helmut Haussman, a deputy from the party's restive left wing.

Several leading Free Democrats asserted in interviews that a rejuvenated party will not question the coalition with the Christian Democrats or the government's Atlantic foreign policy. But they insisted that the Free Democrats will try to recapture the party's previous reputation as a defender of individual liberties.

35% of Britons Polled Admit to Racial Bias

By Michael Getler
Washington Post Service

LONDON — Britain, despite public commitment to racial equality and tolerance, considers itself a racially prejudiced country and one in which social class affects a person's opportunities to advance, according to the findings of a new study.

These and other findings are included in a volume published Tuesday by Roger Jowell and Colin Airey of the privately funded, non-profit Social Community Planning Research Institute.

Mr. Airey said the most surprising insight of this first survey, which covered a sampling of 1,677, was the racial prejudice in Britain and the extent to which people admitted to it.

"Our survey suggests a widespread public belief that Britain is far from an equal opportunity society. Around 90 percent of the population believe there is prejudice against Asians and blacks, who make up about 5 percent of the British population, the report says.

The figures, it says, "show a striking degree of agreement that Britain is a prejudiced country. Such unanimity is rare," as other findings from the survey about the wide range of attitudes in Britain on other matters suggest.

More than a third of those interviewed, 35 percent, described themselves as prejudiced against other races, the report said. There were 84 ethnic minorities represented among those polled.

Perhaps reflecting the continuing debate over immigration and memories of urban riots of a few years ago, the study also reports that 75 percent of those interviewed believed such prejudice will either remain the same or get worse.

"In a society apparently committed to racial equality and tolerance," the report says, "we would expect the proportion describing themselves as prejudiced to have declined. But we wonder whether the opposite trend has not been established itself — with expressed prejudice becoming more and more acceptable, or at least less inadmissible."

The study, expected to be an annual affair leading to an accumulated body of interviews, also made these points:

• About 50 percent viewed class discrimination as an unchanging feature of British life that would continue to be as important over the next decade.

• While Prime Minister Margaret Thatcher, a Conservative, won a landslide election victory last year, a substantial margin of those interviewed in the poll favored greater involvement by government in

stimulating the economy, more job creation through public spending and a reduction of unemployment rather than a battle against inflation, of the two aims are in conflict.

• By a ratio of 48 percent to 38 percent, Britons believed their country would be safer without U.S. cruise missiles. By a 60 percent to 28 percent ratio, however, they would feel safer having their own independent nuclear missiles.

• A majority would prefer that Northern Ireland become unified with the Republic of Ireland. They also would support withdrawal of British troops from Northern Ireland.

• The British seemed overwhelmingly opposed to the legalization of marijuana and were in favor of mercy killing.

• They were more in support of laws banning sex discrimination than those against racial discrimination. A majority, however, would keep homosexuals out of teaching jobs and 42 percent would bar homosexuals from "responsible positions in public life."

The report is patterned after work done in the United States by the National Opinion Research Center in Chicago.

While the British government produces a variety of statistical studies annually on social conditions and behavior, the report says there is "no readily available source for charting the nation's attitudes, values and beliefs."

Mr. Airey suggested that studies such as this are also important because politicians frequently interpret election results as though they were mandates on specific issues, when frequently this is not the case.

U.S. May Set Up N-Test Network

Reuters

LONDON — The United States may establish a network of underwater seismic stations off the northern coast of the Soviet Union to detect clandestine nuclear blasts, Jane's Defense Weekly reported Wednesday.

The magazine, usually reliable on military matters, said a test to determine the sensitivity of the necessary instruments was carried out last year and was successful.

It said the work was part of a program to improve U.S. capability to detect Soviet violations of the unratified nuclear test ban treaty. Jane's said work was also under way on space detection systems capable of identifying low-level nuclear explosions in the 150-kiloton range. It added that a forthcoming space shuttle flight would assess some equipment.

Man Says Dulles Helped SS Official Escape From Italy

Reuters

BOSTON — A former investigator for the U.S. Justice Department has charged that Allen W. Dulles, the first head of the Central Intelligence Agency, arranged the escape from Italy of an alleged Nazi war criminal, Walter Rauff.

Charges made in the Tuesday edition of The Boston Globe by the former investigator, John Loftus, appeared to contradict recent claims that Mr. Rauff was smuggled to South America with Vatican help. Mr. Rauff, who has been accused of killing nearly 100,000 Jews in mobile gas vans during World War II, died earlier this month in Chile at 77. Mr. Dulles died in 1969.

Mr. Loftus said that Mr. Rauff, who headed the Nazi's SS intelligence unit in northern Italy, worked for Mr. Dulles during and after the war. Mr. Dulles at that time headed the Geneva branch of the Office of Strategic Services, a forerunner of the CIA. Mr. Loftus, who once tracked down former Nazis for the Justice Department, quoted what he said were top secret and declassified documents and "usually reliable intelligence sources."

He said Mr. Rauff agreed to surrender all SS forces under his control in return for a promise from



Walter Rauff

Mr. Dulles that he and others would not be prosecuted as war criminals. Mr. Loftus said that Mr. Rauff, after his release from Allied custody in April 1945, worked for Mr. Dulles on "anti-Communist operations in Italy, which was Rauff's specialty under the Nazis."

He added that "the Vatican's involvement with Dulles's program was minimal. The church provided food, shelter and identity cards, as it did for all refugees. It was Dulles's contacts, not the Vatican, who handled the smuggling of Nazis."

Chilean Guerrillas Raid Press Offices

The Associated Press

SANTIAGO — Leftist guerrillas raided offices of The Associated Press and Agence France-Presse Tuesday night and forced reporters at gunpoint to transmit a message condemning Chile's military government.

The guerrillas left the news agency offices in central Santiago after cutting telephone lines, shutting employees in toilets and leaving packages, they said were bombs.

The packages did not contain any explosives.

The raiders said they belonged to the Manuel Rodriguez Patriotic Front, a guerrilla movement named for a Chilean independence fighter. It has claimed responsibility for bombing scores of government targets and businesses. Their statement called for a return to democracy as the only way to end what it said was an "economic catastrophe" in Chile.

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| 19.45 | FAMILY |
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1934: Roosevelt Honors War Dead
GETTYSBURG, Pennsylvania — Leading the nation in tribute to all its war dead, President Franklin D. Roosevelt, standing on this historic battlefield where Abraham Lincoln made his memorable address, appealed [on May 30] for a united front in combating the emergency of want and need, as did the Civil War President nearly seventy years ago when he placed the cause of a united nation. President Roosevelt contended that the nation had the power to realize the aspirations of Washington, Jefferson, Jackson, Lincoln, Theodore Roosevelt and Wilson for a "consolidated nation" by following peaceful methods "under the broad, resilient provisions of the Constitution."

Jackson, a candidate for the presidency of the United States, could go abroad and condemn what he calls the "arrogance" of his own country? Nobody would mind, the ministers say, if he argued at home that the only way to change U.S. foreign policy was to get a new president — not, they think, a bad idea — but to argue against Mr. Reagan abroad was, they thought, out of bounds.

It is clear that the alliance is in trouble, and partly because there is a split between Mr. Reagan's view of diplomacy and the European view. The Europeans see diplomacy as an exercise in compromise, in somehow working things out; Mr. Reagan thinks it is a struggle between winners and losers. The Europeans think that compromise is the goal, and that nobody dare win it, whereas Mr. Reagan's objective is to win.

It would have been useful if one of the ministers had tried to define the philosophy of the alliance and the difference between the old and new worlds, but everybody was too polite.

So for the moment we are trapped in domestic politics and national interests, and from one another we must struggle with the Soviet Union when, as I believe, we have won the cold war by cooperation in the West and don't really know it.

This should have been a time to celebrate the victory of the NATO alliance — the most successful alliance in memory — but the allies are thinking about their enemies rather than about the need to unify Western Europe and rethink the defense not of nations alone but of a common civilization from the Atlantic to the Sea of Japan.

The New York Times.

WASHINGTON — A Stinger is a shoulder-fired anti-aircraft missile with a range of three miles (4.8 kilometers), a speed of 1,500 miles per hour and an infrared guidance system that makes it a deadly weapon. A Stinger is also a concoction of brandy and crime de mente that can be injurious to health. On balance, alcohol being forbidden to strict Muslims, it probably makes more sense for the United States to be shipping Stinger missiles to Saudi Arabia — but only marginally.

A token refusal of Saudi Arabia's defense contractors next to nothing about on Ronald Reagan's hot boss to maintain safe passage for oil tankers through the Gulf and the Strait of Hormuz.

A good case can be made that there is no military way to keep the strait open. And then there is all the rest of the fragile infrastructure for the production and delivery of Gulf oil to think about. One quickly realizes that the real threat to U.S. interests in the Gulf cannot be resolved by force. It can be resolved, in the end, only by a negotiated resolution of the Arab-Israeli conflict.

The real anomaly, as the United States prepares to go to yet another summit bragging about its own economic recovery (with accompanying triumphant claims for Reaganomics), is that the rest of the world sees a much different picture.

From abroad, as the ODC authors point out, the United States is seen as two-faced, preaching austerity for others while it runs a budget deficit that approaches 6 percent of GNP and is pouring billions of dollars by capital into its trading partners.

Their report also depicts the most radical ideas, concentrating on the basic need for the United States to reassert leadership in problems related to debt and development. The banks have to contribute a lot by forgoing the self-defeating practice of extra commissions and fees when they roll over or extend their loans. The borrowers must curb excesses, get rid of graft and corruption and quit all talk of a "debtors' cartel."

William E. Shafer, Jr., of Nelson, formerly a World Bank consultant and now a visiting fellow at the ODC, says, in that "we need to get some midcourse relief from austerity."

The Washington Post.

Big Sell vs. Big Lie

The recent decision by the Soviet Union and its satellites to pull out of the Olympic Games reflects the basic nature of the conflict between American and Russian cultures. In Los Angeles, commercialism has taken over the Games. In Moscow, communism continues in its own particular way to distort the truth. It boils down to the Big Sell versus the Big Lie.

E.M. EVLETH,
Paris.

A Heartfelt Rejoinder

Regarding "A Usage-Related Admonition" (Other Opinion, May 22)

It is with tear-filled eyes that I read yet another pride-soaked journalist attacking ordinary Americans. Miles Kingston of the Times in London has been so busy with the "new usage" plian-participle manipulation that he has lost touch with the "new usage" of his own language. The vocabulary of our language is rich in this time-honored

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As a resident in Papua New Guinea I found your May 9 report on the pope's visit here informative. That it must have brought us all closer to the heavenly paradise. However, sources give the elevation of the top of Mount Hagen as a mere 14,100 meters (5,350 feet), rather than the celestial 16,764 meters (54,990 feet).

JOEL F. INGEBERTSON
Madang, Papua New Guinea

Sphinx's Chin: Not Guilt

David Lamb's report "Egypt to Recover Sphinx's Chin" (May 10) implies unfairly that the Turks do not possess many of Egypt's antiquities. If Turks had wanted to carry off part of the Sphinx's chin from Egypt, I suspect they would not have given us the opportunity to the British or the French. Furthermore, the British ruled the region for a much longer time than the British and French combined, and have been victims in taking their own antiquities to the West.

CENZILEZ AGAR
Refetlik, New Turkey

David Lamb's report, "Egyptians to Recover Sphinx's Chin" (*Moscow 18*), implies unfairly that the Turks also possess many of Egypt's antiquities. If Turks had wanted to carry off parts of the Sphinx's chin from Egypt, I suspect they would not have given the opportunity to the British or the French. Furthermore, the Turks ruled this region for much longer than the British and French combined, and have been victims in losing their own antiquities to the West.

CENZIGI AGAR
Rizkoud, Niz-tene.

Iran-Iraq Diplomatic Requirements

Zhao, in Paris, Urges International Talks on Cuts in Nuclear Arms

PARIS — Prime Minister Zhao Ziyang of China proposed Wednesday the calling of a broadly representative international conference to discuss the problem of the reduction of nuclear arms by all nuclear nations.

Speaking on the first day of his visit to France before an audience of French senators and National Assembly deputies, with Prime Minister Pierre Mauroy present, Mr. Zhao said his suggestion was the practical, just and rational position of the Chinese government.

He said it reflected the hopes of the peoples of the world, adding: "We hope that it may find a favorable echo among the nations concerned."

Mr. Zhao also said that China, on the basis of peaceful coexistence, is intent on achieving normal relations with all countries, including the United States and the Soviet Union. He noted China's hope that relations with the Kremlin would improve to the point where the two nations could achieve a rapport of good neighbors.

China, he said, backs disarmament, including the destruction of all nuclear arms. He said China's nuclear stockpile is for defense only.

Mr. Zhao arrived in Paris Wednesday morning, the first stop on his six-nation European tour. He will leave for Brussels on Sunday.

He said his country understands the French position of maintaining a nuclear force independent of the North Atlantic Treaty Organization. The French force, because it is not attached to that of other nations in the alliance, is not included in the count of NATO's nuclear strength and is a subject of disagreement during nuclear arms talks.

Mr. Zhao, who has helped steer China's economy toward modernization, assured Europeans that his country intended to open its doors to European technology and capital under "preferential conditions."

Open-Door Trade Policy

Christopher S. Wren of *The New York Times* reported from Beijing: Mr. Zhao's trip, which also will take him to Sweden, Norway, Denmark and Italy, is the first by a Chinese leader involved in the new open-door policy of trade. Huo Guofeng, Mr. Zhao's successor, visited Western Europe in 1979 before being squeezed out by China's current paramount leader, Deng Xiaoping.

Britain is not on Mr. Zhao's itinerary, apparently because of delicate negotiations on the future of Hong Kong.

Mr. Zhao told a group of West European correspondents in Beijing last week that China welcomes West European investment in construction projects, including nuclear power plants, and in oil exploration.

A West European diplomat said the trip also is part of a strategy to balance China's contacts with countries around the Pacific rim, including the United States.

Mr. Zhao visited the United States and Canada in January and President Ronald Reagan came to Beijing a month ago.

Chinese officials have made clear that they would like more West European technology to lessen their dependence on U.S. supplies.

A French company reportedly has an edge in bids to provide components for a proposed 1,800-megawatt nuclear power station in the province of Guangdong, and British, Italian, Dutch and French oil companies are among those bidding for drilling rights on the continental shelf.

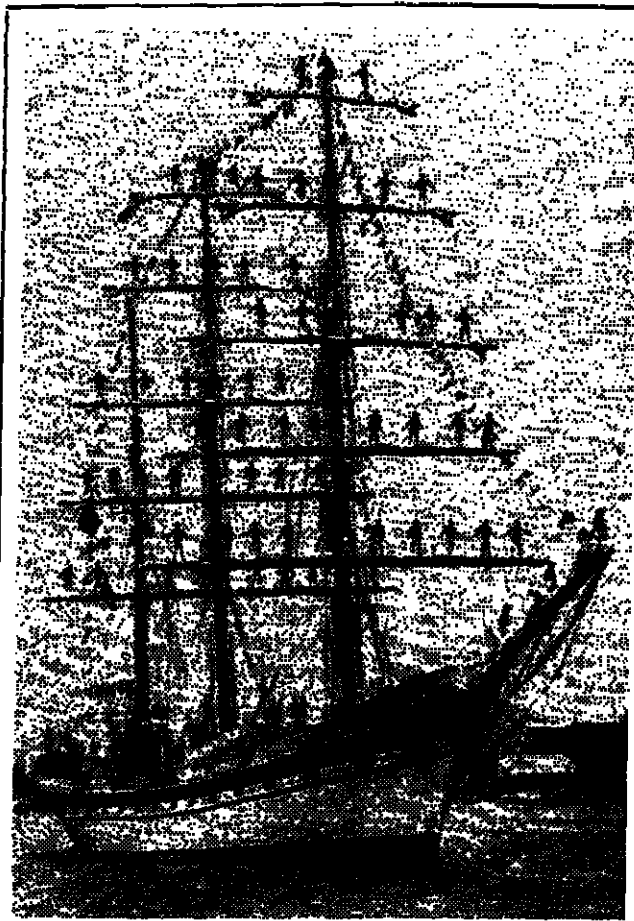
Mr. Zhao's 18-day trip will also include a visit to the headquarters of the European Community in Brussels. China's trade with the countries of Western Europe totaled \$6.8 billion last year.

Mr. Zhao told the West European reporters last week that he would also discuss the deployment of American medium-range missiles in Europe. Publicly, China is opposed to the deployment, calling it part of the superpower struggle for hegemony, but privately some Chinese officials have hinted that they think it is necessary to balance Soviet deployment.

Arthur H. Motley Dies; Publisher of Parade

NEW YORK — Arthur H. (Red) Motley, 83, former president, publisher and chairman of the board of *Parade* magazine, died Wednesday in Palm Springs, California.

Mr. Motley retired from *Parade*, the Sunday newspaper magazine, in 1978 after a 32-year association during which its circulation rose from two million to 19 million. He was also a former director of Whitney Communications Corp.



TALL SHIP — Crew members stand on the yards of the *Simón Bolívar*, a Venezuelan square-rigger, in the harbor at Hamilton, Bermuda. The ship has been entered in a tall ships race from Bermuda to Halifax, Nova Scotia.

Russian Tells West's Scientists Of Dangers of Biological War

WASHINGTON — The chief of a Soviet laboratory has written to half a dozen scientists in the West expressing alarm about biological warfare and the use to which his and other work on epidemics might eventually be put.

Leonid A. Rvachev, chief of an epidemiology laboratory at the Gerasimov Institute in Moscow, has devised a mathematical model intended to predict how a flu epidemic would spread around the world, how fast it would reach each city, what toll it would take and how fast it would move on, according to U.S. scientists who have seen a manuscript describing the model.

Mr. Rvachev recently sent the manuscript by ordinary mail to scientists in the United States, Britain, and other countries. Accompanying the manuscript were letters expressing alarm that work such as his could be used for biological warfare.

Mr. Rvachev proposed putting the work to good use by establishing a new international health organization to develop accurate ways of predicting the spread of natural epidemics and to monitor the possible military misuse of that technology.

Ira M. Longini of the University of Michigan, who specializes in mathematical models on the spread of disease and received one of the Rvachev letters, said, "If his model works, and we don't know that yet, then it would predict the spread of biological agents from city to city on a global scale."

Other scientists are not convinced that the Rvachev model could work or would be useful in predicting the spread of disease. Michael Gregg, deputy director of the Epidemiology Program Office of the federal Centers for Disease Control, who has met Mr. Rvachev and received his material, said the model suffers from at least two possible defects — it requires knowledge of a people's relative susceptibility to a given disease, and it calls for information about how much people travel back and forth between cities.

Nigerians Mobilizing To Fight Indiscipline Military Rulers Mount Campaign Against Sloth, Waste, Inefficiency

By W. Joseph Campbell

LAGOS — With posters, label buttons and television advertisements, Nigeria's military government has gone to war against sloth, inefficiency, sloth and disregard for hard work.

The government calls its operation the "war against indiscipline." Its first objectives are to encourage Nigerians to line up while boarding buses, to stop driving on the wrong side of roads, to pay more attention to their children and to avoid hoarding scarce consumer goods.

The campaign seems to have achieved an initial degree of popular acceptance.

"An instant success if there ever was one," Olanuji Dare, a mass communications instructor at the University of Lagos, wrote recently in a column in *The Guardian* of Lagos. "The war against indiscipline" has transformed Lagos bus stops from human jungles into havens of brotherly love, where the survival of the fittest has been supplanted by the survival of the meekest.

State-run television recently reported the story of a woman who returned the equivalent of nearly \$4,000 she had received in error in a bank transaction. A bank clerk spent three days in jail, under suspicion of fraud, until the woman reported the mistake, the television report said. It attributed the woman's honesty to the consciousness-raising impact of the "war against indiscipline."

The campaign's influence was also noticeable in the recent changeover of Nigeria's currency. Nigerians endured lengthy lines at banks to exchange restricted amounts of old bank notes for new bills — a mammoth operation characterized by a general orderliness.

"It was amazing, quite frankly, for Nigerians," said Stanley M. Macebuh, executive editor of *The Guardian*. "A year ago, there would have been riots at the banks."

In declaring the war, Brigadier Tunde Idiagbon, the government's second-ranking officer, said that indiscipline could "degenerate into disregard for lawful orders, neglect of traditional norms" and "general lawlessness."

The government opened a second front in early May, promoting the benefits of the work ethic. Television commercials show Nigerians hard at work at a variety of jobs.

"Your job is important," a solemn voice intones. "Do it well."

Other issues to be tackled, Brigadier Idiagbon said in an interview, include corruption and embezzlement, favoritism and nepotism in public service. "We will also deal with the general orderliness in public life, patriotism and national consciousness," he said.

Although the campaign has been generally well-received, skeptics abound, because roughly similar campaigns failed miserably under previous governments.

Those earlier attempts were laudable, said the information minister, Group Captain Samson E. Omeruah, yet they "foundered and sank half-way across the lagoon." He made the comment at a seminar convened in Lagos to encourage media support for the program.

Notable among the previous efforts was the "ethical revolution" proposed by former President Shehu Shagari. Unchecked corruption in his civilian administration was a principal motive for the military's takeover on Dec. 31. The nation's new leader is Major General Mohammed Buhari.

The excesses of four years of Mr. Shagari's government may have primed the country's 80 million people to join in the "war against indiscipline."

If the campaign "rubs off at all, it'll be on the part of the citizenry saying we just can no longer tolerate a jungle of greed, avarice, cynicism and cheating, which we had under the civilians," said Mr. Macebuh, *The Guardian* editor.

The newspaper has given lukewarm backing to the campaign.

It said in an editorial shortly after the campaign began in late March: "The approach being employed seems aimed at the consequences — at the manifestations of indiscipline — rather than its cause."

It added, "It would be a fundamental mistake to prosecute this business as if civilians were soldiers."

"Discipline is not an end in itself," Mr. Macebuh said. "We don't want to be lining up orderly just to keep the soldiers happy."

Bangladesh Cholera Deaths

DHAKA, Bangladesh — Cholera has claimed more than 1,000 lives in 10 south and southwestern districts of Bangladesh in the past two months, Health Minister Shamsul Haq said Tuesday.

New Tactile Devices May Help Deaf To Understand Sound by Vibrations

NEW YORK — Severely deaf individuals may be able to use their skin to help understand speech with a new generation of devices that translate sound into vibrations.

Hearing experts spoke at a panel this week at a meeting of the American Association for the Advancement of Science. They said several types of tactile devices hold promise as aids to lip reading. Arlene Carney, professor of speech and hearing at the University of Illinois, said the devices range from a single vibrator that allows a deaf person to feel the number of syllables in a word to more complex instruments that turn sounds into electrical impulses or vibrations that can be felt on the skin.

Such devices, which can be attached to the abdomen, arm, fingers, thigh or wrist, require training to help users recognize the patterns of sound they are feeling.

While most of the devices have been restricted to the laboratory, a researcher at the San Francisco State University, Barbara Franklin, said she and her colleagues expect to begin testing a portable model, worn around the abdomen, within the next six months.

Israeli Forum Examines Soviet Scientists' Plight

By Norman Kempster

Los Angeles Times Service

TEL AVIV — Physicists from throughout the world are in Israel this week to discuss their science, but the real topic is the plight of scientists in the Soviet Union.

Prohibited by their government from attending, Soviet physicists have submitted 15 of the more than three dozen scholarly papers being considered by the International Seminar on Collective Phenomena beginning Thursday at Tel Aviv University.

The seminar marks the 10th anniversary of an attempt by Soviet Jewish dissidents to hold a scientific conference in Moscow. Soviet authorities broke up the meeting, whose chairman was Dr. Viktor Brailovsky, and jailed 15 of its organizers.

Five of those 15, now professors at Israeli universities, are participating in the Tel Aviv program, which was organized by one of the five, Alexander Voronel. Mr. Voronel said the current seminar was intended to show support of the world scientific community for Dr. Brailovsky, who is in internal exile in Kazakhstan, and other Soviet scientists denied academic freedom.

Mark Azbel, who was also jailed over the 1974 meeting, said another purpose of the gathering was to remind scientists that conditions for academic research that are considered intolerable in the West are about as good as such conditions ever get in the Soviet Union.

Mr. Azbel, who occupies a Tel Aviv University office across the hall from Mr. Voronel, said Western scientists protested when grants were tied to specific projects or when governmental agencies attempted to keep results of research secret or restrict entry to laboratories to persons with security clearance.

"This is all very beautiful, but a Western scientist should remember that all scientists in the Soviet Union, without exception, must work on what is assigned to them, must accept all of the government's conditions and must have clearance to enter any laboratory," he said. "Scientists are involved in research at the absolute discretion of the government. Any scientist who tries to be independent is immediately fired."

After the banned 1974 seminar, the Russians permitted five similar gatherings to be held in Moscow. The crackdown resumed in 1980. Asked whether Soviet physicists would be punished for submitting papers to the Tel Aviv seminar, Mr. Voronel said they were taking a risk. "But the risk is part of the struggle to be scientists in spite of the government's efforts to crush them," he added. "They are just defending their professional and human dignity."

Spanish King Visits Bonn

Reuters

BONN — King Juan Carlos I of Spain met with President Karl Carstens of West Germany Wednesday at the start of a private visit that will also include talks with Chancellor Helmut Kohl, a presidential spokesman said. The Spanish monarch will make a speech Thursday in Aachen, where Mr. Carstens will be awarded the annual Charlemagne Prize for services to European unity.



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SCIENCE

Is Orangutan Man's Closest Relative? Anthropologists Differ

By Eric Pace

New York Times Service

NEW YORK — The orangutan is challenging the chimpanzee and the gorilla for the position as man's closest kin in the family of species. But the subject has engendered a spirited debate among anthropologists.

The new case for the orangutan was pressed over the weekend at the meetings of the American Association for the Advancement of Science by Jeffrey H. Schwartz, associate professor of physical anthropology at the University of Pittsburgh. His research, he said, shows that the genus *homo*, the biological group that includes man, has many more similarities, mostly in form and structure, to the orangutan than to the chimpanzee or the gorilla.

But Yale University sent two of its scientists to the AAAS meeting — Charles G. Sibley, a professor of biology, and Jon E. Ahlquist, a research associate — to announce their finding that genetic comparisons of man and other hominoid primates have "unequivocally" proved that the chimpanzee is indeed man's closest relative. Their technique, known as DNA-DNA hybridization, was developed in the 1960s and involves comparing key proteins in living species. They say comparisons of physical similarities are unreliable and subjective.

Still other groups trying to determine the branching patterns of man's family tree — patterns called cladistic theories — have argued that the gorilla is man's closest relative. The competing cladistic theories have generated much academic activity in recent years.

Dr. Schwartz's theory holds that the chimpanzee, the gorilla and a third relative — the hypothetical ancestor of man and of the orangutan — are all descended from another hypothetical common ancestor that existed no more recently than 18 million years ago.

Thus, speaking very roughly, the Schwartz theory holds that modern man's sole living first cousin is the orangutan, and that man and the orangutan have two second cousins, the chimpanzee and the gorilla. His theory is based in part on the view, also held by some other scientists, that the orangutan also has resemblances in form and structure — what scientists call morphological similarities — to *Sivapithecus*, an orangutan-like creature that lived on the Indian subcontinent until six million or eight million years ago, and to two other somewhat similar creatures, *Ramapithecus* and *Gigantopithecus*.

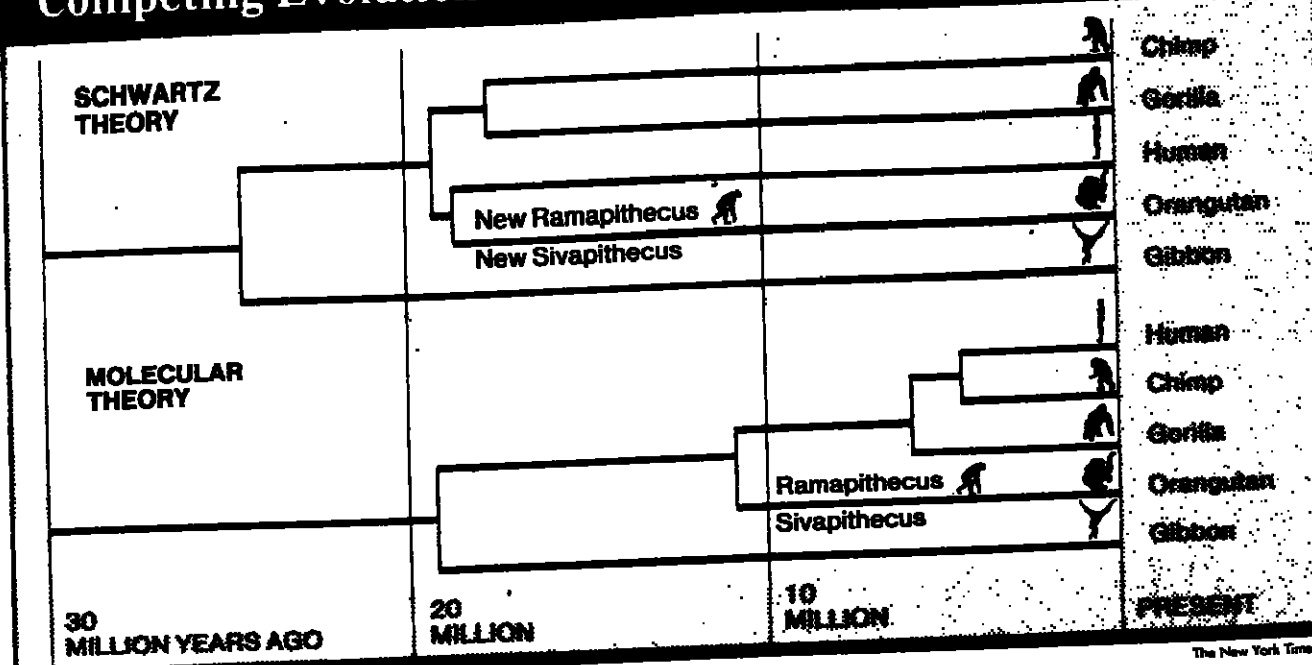
Dr. Schwartz arrived at his theory by using a relatively new way of appraising similarities between different types of creatures.

"One of the more common notions about the effects of evolution," he wrote in *Nature*, "is that the more closely related species are, the more similar they will be over all. In more recent years this generalization has been considered unreliable and less than accurate."

The method used to be to calculate the degree of proximity simply by counting the characteristics shared by the different types of creatures. The more shared characteristics, the closer the scientists deduced the relationship to be.

But now scientists such as Dr. Schwartz only count those shared

Competing Evolution Theories on Man's Next of Kin



characteristics that appeared in the relatively recent evolutionary past, what Dr. Schwartz calls "evolutionary novelties." They do not count shared characteristics that materialized further back in the evolutionary process, which do not necessarily indicate that the different creatures that share them are closely related.

He argued, in an interview, that it is uncertain whether the similarities between chimpanzees and humans on which the molecular theory is based are evolutionary novelties or whether they reflect evolutionary events that lie so far back in time as to be of little significance in appraising the degree of relatedness.

Among the points of similarity Dr. Schwartz has cataloged during his study, several struck him as particularly interesting and intriguing in distinguishing humans and orangutans from all other living primates:

- Humans and orangutans have their mammary glands set relatively widely apart, substantially closer to the armpits than other primates.

- Humans and orangutans can grow their hair substantially longer than other primates.

- Humans and orangutans have the longest gestation periods, 270 days each, while the chimpanzee's gestation period is 260 days and the gorilla's 245.

- Female humans and orangutans have the highest concentrations of certain female sex hor-

mones. One particularly arresting similarity in their hormone patterns, Dr. Schwartz said, is that "they both have the highest estradiol levels, as attested in their urine, of any female primates during their reproductive lives."

• Humans and orangutans' copulating sessions typically last the longest; that is, penetration by the male during one sexual act is typically sustained for the longest time.

In the interview, Dr. Schwartz also cited various similarities in aspects of the teeth and the bony skeleton. Also, he said, humans and orangutans are particularly similar in the shape of their shoulder blades, and in the fact that the

bones of their arms take longer to develop completely than any other primate.

Dr. Schwartz's theory was challenged in a recent interview by Morris Goodman, a prominent champion of the theory that modern man, the chimpanzee and the gorilla have a common evolutionary ancestor that may have flourished less than 10 million years ago. The theory is based largely on what its proponents call extensive similarities and similarities in the molecules of different living creatures' cells, and it is called by some the molecular view.

Dr. Goodman, who is professor of anatomy at Wayne State University in Detroit, said the morphological evidence cited by Dr. Schwartz is far less conclusive than he says it is.

"If the orangutan and the human are alike," Dr. Goodman argued, "it doesn't mean necessarily that they had a relatively recent common ancestor. It could mean, for instance, that man and the orangutan are similar simply because they evolved certain similar features over the years." This phenomenon is called convergence. Molecular biologists such as Dr. Goodman and Dr. Sibley at Yale suggest that their methods are not deceived by convergence or the subjective nature of morphology.

Taking Pi to 16-Millionth Decimal

By T. R. Reid

Washington Post Service

WASHINGTON — In the beginning, there was pi: 3.14. And then, as mathematicians spent more time contemplating the number that measures the ratio between the circumference and the diameter of a circle, there was a more precise calculation of pi: 3.14159.

Over the centuries people devoted years, decades, whole lifetimes to further refinements of pi: 3.141592653589793238462643383279582884197 — and on and on.

And now a team of mathematicians using a supercomputer at the University of Tokyo has just shattered all records by calculating the value of pi to 16 million decimal places.

To print the number in a newspaper would take roughly 600 full-size pages. Printing the new calculation "would be such a waste of time and paper," said John W. Wrench, the retired Navy Department mathematician who edits the scholarly journal *Mathematics of Computation*, which will report the Japanese breakthrough in its next edition. "They did put out a book a few years back, when the French got up to 1 million places," Mr. Wrench said. "But that was more than 400 pages, small type, and now we're so far beyond that. You're not going to be printing out pi anymore."

Why bother to calculate a gar-

gantuan number that nobody will ever see or use? "It's just so fascinating," said Mr. Wrench, who held the record briefly in 1961 when he computed — and printed — pi to 100,000 places.

Archimedes, the Greek who developed the first important formulas for finding pi in the second century B.C., realized that the constant had to be an "irrational" number, that is, one that would never come out even no matter how many decimal places were computed. But he was content to work with 3.14. Early in the Christian era, men began computing the decimals further. Centuries of painstaking pencil-and-paper calculations had produced the first 800 decimal places by 1949, when digital computers were put on the case.

Mr. Wrench said the Japanese computer took about 24 hours to get up to the 16-millionth digit.

IN BRIEF

Scientists Study Benefits of Chaos

NEW YORK (NYT) — The general study of chaos and how it relates to the order we witness all about the universe is getting wide attention, according to speakers at the annual meeting of the American Association for the Advancement of Science.

Scientists have developed a "mathematics of chaos" to try to explain the onset of turbulence and chaos in such diverse phenomena as the swing of a pendulum, chemical reactions, rotating fluids, electrical circuits and biological organisms. "Over the centuries chaos has received bad press," said Dr. Joseph Ford, a physicist at the Georgia Institute of Technology. "It has been implicated in every disaster from riots in the street to the heat death of the universe. Yet without chaos, there would be no complex systems, no evolution, no life, and no universe as we know it."

Dr. Ford said that the study of chaos is emerging as a third revolution in physics, on the heels of relativity and quantum mechanics.

Drug Relieves Congestive Heart Cases

BOSTON (AP) — A drug used for 20 years to treat Parkinson's disease appears to be more effective and have fewer side effects than digitalis in treating congestive heart failure, researchers report.

An estimated four million Americans suffer congestive heart failure, which occurs when the heart does not pump strongly enough, causing blood to back up in the veins. Swelling results, and victims may suffer shortness of breath when fluid collects in the lungs.

The drug levodopa strengthened the pumping power of failing hearts by 30 percent, doctors said in a report in the *New England Journal of Medicine*. Based on initial testing, Dr. Sol I. Rajfer of the University of Medicine, Chicago said he believed levodopa could someday replace digitalis. Digitalis — derived from the toxic foxglove plant — has been the mainstay in treating heart failure for two centuries. But the drug doesn't always work and the dosage needed to relieve symptoms may be close to the amount that causes poisoning.

Anti-Kidney-Stone Drug Is Tested

DALLAS (UPI) — Tests show a drug derived from common citrus fruit is capable of removing the rapid-forming calcium salts that cause kidney stones in as many as 200,000 Americans, scientists said.

"This preliminary study indicates that potassium citrate is effective in the prevention of new stone formation," said a team of doctors led by Charles Y. C. Pak, a University of Texas health sciences researcher, in an article published in the *Transactions of the Association of American Physicians*. "Virtually all patients showed a reduction in the rate of new stone formation," the team wrote.

VDTs Held No Threat to Pregnancy

WASHINGTON (UPI) — Pregnant women need not fear that working at video display terminals will harm their babies, nor do they need to wear lead aprons for protection against radiation, an occupational medicine specialist says.

Dr. Marcus B. Bond, former president of the American Academy of Occupational Medicine, said data from studies of VDTs have shown radiation emitted by the television-like computer terminals is well below the level that would cause reproductive hazards. "The only thing I know of coming out of it [a VDT] would be these very minute amounts of radiation," he said in a telephone interview. "To put this in perspective, I would say they're in the same general strength as the kinds of radiation in the room you're in or I'm in where there are lights on."

NASA Project to Seek Life in Space

STANFORD, Calif. (UPI) — Scientists at Stanford University are developing a signal analyzer that will use one million channels to search the universe for signs of extraterrestrial life, it was reported.

Radio signals from outer space would be recorded in the \$20-million project and if an unusual signal — not of natural origin — occurs, a second observatory would be contacted to confirm the finding.

"We plan a five- to 10-year thorough search of targeted stars of the solar type, stars approximately 100 light years away from us. We also plan to do a 'sky survey,'" said Bernard Oliver, a Hewlett-Packard scientist involved with the National Aeronautics and Space Administration's Search for Extraterrestrial Intelligence project.

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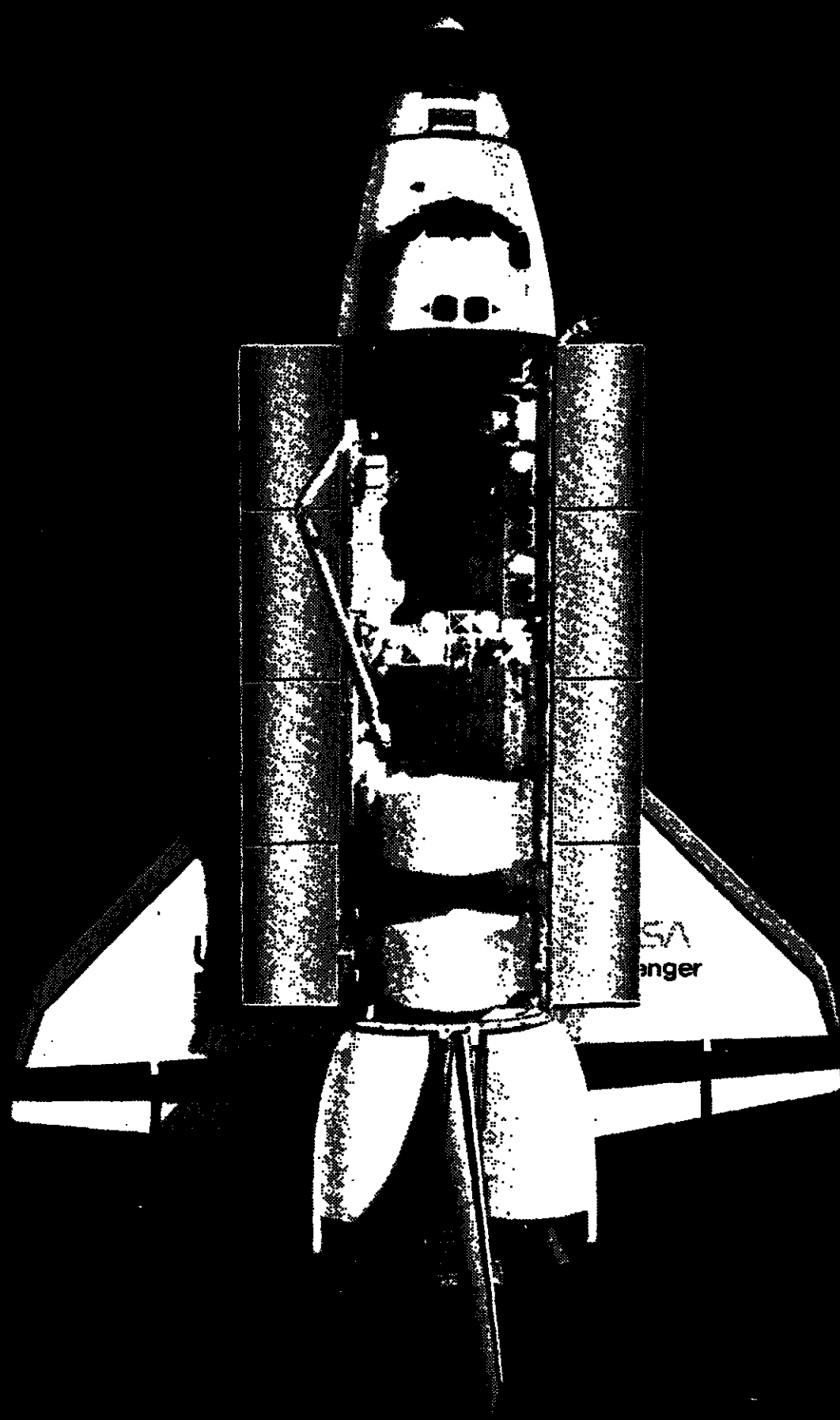
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NYSE Most Actives

| Vol | High | Low | Close | Chg |
|-------|---------|---------|---------|-------|
| IBM | 160 1/2 | 159 3/4 | 160 1/2 | + 1/4 |
| AT&T | 44 1/2 | 44 1/4 | 44 1/2 | + 1/4 |
| GE | 28 1/2 | 28 1/4 | 28 1/2 | + 1/4 |
| Merck | 48 1/2 | 48 1/4 | 48 1/2 | + 1/4 |
| Amgen | 48 1/2 | 48 1/4 | 48 1/2 | + 1/4 |
| Amgen | 48 1/2 | 48 1/4 | 48 1/2 | + 1/4 |
| Amgen | 48 1/2 | 48 1/4 | 48 1/2 | + 1/4 |
| Amgen | 48 1/2 | 48 1/4 | 48 1/2 | + 1/4 |
| Amgen | 48 1/2 | 48 1/4 | 48 1/2 | + 1/4 |
| Amgen | 48 1/2 | 48 1/4 | 48 1/2 | + 1/4 |

Dow Jones Averages

| Open | High | Low | Close | Chg |
|--------|--------|--------|--------|-------|
| 100.15 | 100.15 | 100.15 | 100.15 | + 1/4 |
| 434.48 | 434.48 | 434.48 | 434.48 | + 1/4 |
| 434.48 | 434.48 | 434.48 | 434.48 | + 1/4 |
| 434.48 | 434.48 | 434.48 | 434.48 | + 1/4 |
| 434.48 | 434.48 | 434.48 | 434.48 | + 1/4 |

NYSE Diaries

| Advanced | Declined | Unchanged | Total Issues | New Highs | New Lows |
|----------|----------|-----------|--------------|-----------|----------|
| 175 | 70 | 43 | 288 | 193 | 194 |

NYSE Index

| Previous | Today |
|----------|--------|
| 100.15 | 100.15 |
| 434.48 | 434.48 |
| 434.48 | 434.48 |
| 434.48 | 434.48 |
| 434.48 | 434.48 |

Odd-Lot Trading in N.Y.

| Buy | Sell | *Net |
|-----|------|------|
| 175 | 70 | 43 |

Wednesday's NYSE Closing

| Vol. of 3 p.m. | Prev. 3 p.m. Vol. | Prev. Consolidated Close |
|----------------|-------------------|--------------------------|
| 175 | 70 | 43 |

AMEX Diaries

| Advanced | Declined | Unchanged | Total Issues | New Highs | New Lows |
|----------|----------|-----------|--------------|-----------|----------|
| 175 | 70 | 43 | 288 | 193 | 194 |

Standard & Pears Index

| High | Low | Close | 3 p.m. |
|------|-----|-------|--------|
| 175 | 70 | 43 | 288 |

NASDAQ Index

| Week | Year | 52 Wk | 52 Wk |
|------|------|-------|-------|
| 175 | 70 | 43 | 288 |

AMEX Most Actives

| Vol | High | Low | Close | Chg |
|-----|------|-----|-------|-------|
| 175 | 70 | 43 | 288 | + 1/4 |

Dow Jones Bond Averages

| Prev. Close | Today |
|-------------|-------|
| 175 | 70 |

AMEX Stock Index

| High | Low | Close | 3 p.m. |
|------|-----|-------|--------|
| 175 | 70 | 43 | 288 |

NYSE Mixed After Sharp Rally

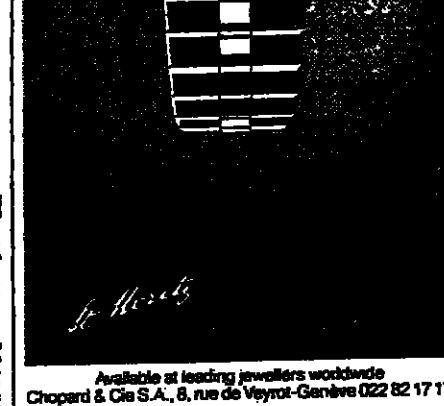
NEW YORK — New York Stock Exchange prices closed mixed Wednesday after a session of dramatic ups and downs. Prices declined broadly in the first two-thirds of the session amid continuing interest rate worries. Then between 2 p.m. and 3 p.m. on Wall Street, the market suddenly surged upward, apparently in response to rumors that Iran had lowered its oil price. A Japanese trading company in New York confirmed that it was buying oil from Iran below the official price. But the discount appeared to be only a measure to offset higher insurance rates and other costs of shipping oil through the Gulf war zone. Brokers also said the upswing drew a great deal of its force from the belief that stock prices had become excessively "oversold" and were due for a rally. The Dow Jones average of 30 industrials, down more than 12 points at 2 p.m. on Wall

Street, was up 1.35 at 1,102.59 at the close. The average closed Tuesday at a 15-month low. The Dow Jones average of 20 transportation stocks scored a big percentage gain, rising 6.45 to 464.40. National Semiconductor was actively traded. The company said the government proposed to debar it as an aerospace supplier to the military. Denney's, which agreed to be acquired by a private investor group for \$45 a share, rose strongly. **London Shares Plummet** The Financial Times 30-share index fell 22.8 points Wednesday to close at 803.4, the largest one-day fall in 10 years, Reuters reported from London. Analysts blamed the retreat on nervousness about the direction of U.S. interest rates and increased tension in the British coal strike. In addition, analysts said the market was widely seen as gone too far in anticipating higher profits and dividends.

| 12 Month | High | Low | Stock | Div. Yld. PE | 52 Wk High | 52 Wk Low | Close | Chg |
|----------|------|-----|-------|--------------|------------|-----------|--------|-------|
| 175 | 70 | 43 | 288 | 193 | 194 | 100.15 | 100.15 | + 1/4 |

| 12 Month | High | Low | Stock | Div. Yld. PE | 52 Wk High | 52 Wk Low | Close | Chg |
|----------|------|-----|-------|--------------|------------|-----------|--------|-------|
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PERSONALITIES PLUS **MARY BLUME** IN THE WEEKEND EDITION OF FRIDAY'S IHT

THURSDAY, MAY 31, 1984

Herald Tribune BUSINESS/FINANCE

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WALL STREET WATCH

Growing Market Pessimism May Actually Be Good News

By EDWARD ROHRBACH
International Herald Tribune

May, historically the stock market's cruelest month, has gored investors again. Charging in like a bull, the May 1984 market reached its peak on the 2nd, when the Dow 1200 level appeared briefly like it might be trampled. With Wall Street backing out of May now like a growing bear, the good news is just that — that pessimism is growing.

"Sentiment is always bearish at market bottoms," explained Michael Burke, editor at Investors Intelligence, which monitors weekly some 130 market-advisory letters. "Since investors have already sold stocks, they have the cash to buy them again. They're underinvested."

According to Investors Intelligence's Wednesday's count, the number of outright bears — at 44.4 percent — jumped to the highest level since the summer of 1982, just before the bull market began. Thirty percent of the advisers remain fence-sitters and the number of bulls declined 2 percentage points from last week to 25.6 percent.

Martin Zweig, editor of Zweig Forecast, noted in checking back over 19 market bottoms since 1963, that when prices had gone down about as they have recently, the four-week average of outright bulls averaged 25.4 percent near those bottoms.

But Papa Bear Joseph Granville makes the point that "the bears are always right in a bear market," and recalled his prior argument that 75 percent of all market letters in 1929 were bearish. "But not bearish enough."

Norman Fosback, editor of Market Logic, is among bullish commentators who view the market's current weakness as induced mainly by such overly dark fears as that the U.S. banking system will collapse.

"A lesson of history is that stocks bought from sellers motivated by fear usually prove to be good investments," he said. "Looking beyond day-to-day developments, the picture is bright."

Smith Barney's Alan Shaw has remained "very cautious," while some of his Wall Street rivals who also study technical analysis as the best clue to the market's destiny have turned prematurely bullish in recent months.

But now he thinks that the current weakness "looks like a pretty good stab" toward 1,050, which he has been predicting as the probable bottom. "I'd keep my powder dry here," he said.

Asked where his colleagues went wrong, Mr. Shaw suggested that it was over the sentiment factor, "there's just been too much complacency around" for a sustainable bull market. "With every minor rally, our telephones have rung off the books with 'What should we buy?'"

Although he sees some optimism being wrong out of the market, Mr. Shaw is not really confident that the bottom is in sight.

"There are a lot of signs that this could be a classic bear market," he said. "There's a small probability we could go down to 950."

Meanwhile, Smith Barney's "emphasis list" has been reduced to six stocks: Atlantic Richfield, Dow Chemical, Halliburton, Schlumberger, Xerox and Zapata.

Purell Graham's William LeFevre sees 1,080 on the Dow as Wall Street's next support level, "an area not visited since around year-end 1982, only 4 1/2 months after the bull market began."

Bill First Boston's Suresh Bhirdi, the firm's portfolio strategist, fears that the market will be closer to 1,000 than 1,100 when it finally turns around. It's a process that he thinks could take 6 to 18 months, "making for pretty dull trading."

"The stock market now is in a no-win situation," he asserted.

"Only evidence of a near-recession if not a full recession will come from the inflationary fears of the bond market. Therefore, the stock market faces a double whammy: the possibility of further increases in interest rates if the recovery remains strong, and, eventually, the possibility of a recession adversely affecting earnings expectations."

Mr. Bhirdi had been probably Wall Street's biggest bull (Continued on Page 13, Col. 6)

U.S. Gap In Trade Widened

Rise in Imports,
Export Fall Cited

The Associated Press

WASHINGTON — Fueled by rising imports and falling exports, the U.S. trade deficit swelled to a fourth consecutive monthly record in April, the Commerce Department reported Wednesday.

The strong U.S. economic recovery and the high value of the dollar were cited as the chief causes of the \$12.9-billion deficit.

The department trade specialist said the trade deficit for all 1984 appeared headed toward \$130 billion, which would nearly double the current record for a year of \$69.4 billion set just last year.

A Commerce Department trade economist, David Lund, noted that the same strong demand for goods that was fueling the U.S. economic recovery was also attracting imports.

He said the deficit could begin narrowing at least slightly later this year, but he also said that more monthly records could be set before then.

Commerce Secretary Malcolm Baldrige said Wednesday that the persistently strong U.S. dollar was spurring more import growth than traditionally occurs during an economic expansion. Reuters reported from Washington.

"The strong dollar continues to add to the growth in imports that normally accompanies a rebound in the domestic economy," he said.

Calling the April deficit "unheard of," Mr. Lund noted that the deficit for all 1974 was \$12.8 billion. Before the April figures came out, the monthly record had been March's \$10.26-billion deficit.

The deficit for 1984's first four months was \$42.01 billion, meaning that the deficit would swell to just over \$126 billion for the year if the current pace continued.

Mr. Lund said that it looked like the third figure would be "close to \$130 billion," he said. Wednesday, officials had been estimating about \$110 billion, with some private analysts saying that the figure could be \$10 billion bigger than that.

Government officials and private analysts have said that the trade deficit is mainly caused by two factors:

• The strong U.S. dollar, which makes U.S. exports expensive abroad and foreign goods less expensive in the United States.

The way that foreign companies have lowered behind the U.S. recovery, leaving those nations less able to buy U.S. exports.

In April, the new report said, imports rose 6 percent to a record \$29.71 billion, while exports declined 1.2 percent, to \$17.52 billion.

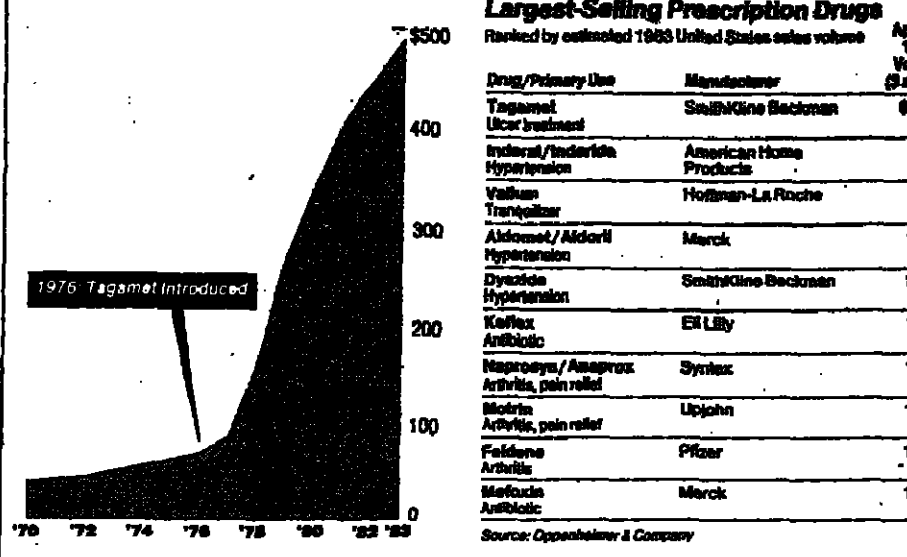
Part of the increase in imports was accounted for by an 8.5 percent rise in the value of imported oil products. The average number of barrels of oil imported a day rose to 62 million from 5.6 million in March, while the price per barrel rose to \$29.65 from \$29.60, the report said.

It said an increase in non-petroleum imports "was the result of sizeable increases in a variety of manufactured goods — including new passenger cars, telecommunications equipment and parts, organic chemicals, footwear and numismatic coins — agricultural commodities and nonmonetary gold."

The decline in exports reflected drops for such commodities as wheat, animal feeds, soybeans, tobacco, chemical products and oil, the report said.

SmithKline, Profits Bolstered by Tagamet, Searches for Its Next Big Winner

SmithKline Beckman's net income in millions of dollars — 1979 and later years have been restated to reflect acquisition of Beckman Instruments in 1982.



SmithKline Prospers With Tagamet But Momentum From Sales of Anti-Ulcer Drug Is Slowing

By N.R. Kleinfeld
New York Times Service

PHILADELPHIA — "One thing you'll see is a lot of crowding," Stanley Crooke said. "I don't want people too separated. That's not the way to make good drugs."

He strode past immunology laboratories, an animal-autopsy lab, several cold rooms and a chemical-spill cabinet. "One of my great decisions," he said, "was to carpet the pedestrian hallways. It's cheaper and quieter."

Mr. Crooke, the president of pharmaceutical research and development at SmithKline Beckman Corp., was showing off the major research and development facility, still unfinished, that SmithKline is building on 300 acres in Upper Merion, on the outskirts of Philadelphia. The new complex is testimony to the riches showered on the company from a green pill that treats ulcers.

"SmithKline Beckman is in transition," Mr. Crooke said. "And that transition is driven by Tagamet. It's hard to fathom, but the truth is this company is being changed by a drug."

But SmithKline, the house that Tagamet built, is a troubled house today. Even though sales of Tagamet, its anti-ulcer drug, should approach \$1 billion this year, the momentum is slowing. Zantac, a rival drug recently introduced in this country by Glaxo Holdings of Britain, has captured chunks of its market. SmithKline is having trouble shedding its stigma as a one-product company before Tagamet sales level off altogether.

Mr. Crooke said, "Tagamet is a modest pharmaceutical company when it was Tagamet hit the market in 1976. In 1980, Tagamet overtook Valium as the world's largest-selling, prescribed drug."

The resulting profits transformed the company into a \$3 billion, diversified health-care enterprise. It bought Beckman Instruments, a maker of medical instruments, and has pumped vast sums into research.

SmithKline traces its roots to a druggist that John K. Smith and John Gilbert opened on North Second Street in Philadelphia in 1830. In the late 1890's, after it had become a company known as Smith, Kline & French, it scored with the highly popular Eskay's Albuminized Food, a digestible food for infants and invalids. Later, the company did well with Eskay's Tablets for Seasickness.

In 1954, SmithKline hit paydirt. It began marketing a new compound under the trademark Thorazine. Approved for use in nausea and vomiting, and in neuropsychiatry, the drug proved to be highly profitable in correcting mental troubles.

The company plowed profits back into drug research. But years went by without a major find until Tagamet.

Henry Wendt, SmithKline's president and chief executive, vows that the Tagamet story will have a different ending from Thorazine. He aims to make SmithKline an "integrated life-sciences and health-care corporation." His plan is to take a company-wide approach to a disease, first making the equipment to diagnose it and then offering the drug to treat it.

"Pharmaceuticals are expected to be the cornerstones of the future," he said. "We're going to be there."

(Continued on Page 11, Col. 5)

Bolivia Suspends Payments to Foreign Banks

Confederation, Juan Lechin
Quendo, said he did not know when payments to commercial banks would resume. "It all depends on the possibilities of activating the Bolivian economy," he said.

The confederation and the government have held several weeks of talks on wages, and spokesmen for the confederation said the workers would undoubtedly reject the government's offer of a 130-percent wage increase.

The confederation says that the government's austerity measures have increased the cost of living by 400 percent. In the negotiations, it has demanded that payments be suspended on all debt until the economy recovers.

In recent weeks, two general strikes have been held to protest the austerity measures, which include a 75-percent devaluation of the peso and price rises of up to 600 percent for basic foodstuffs, transportation fares and fuel.

Last November, President Hernán Siles Zuazo's leftist government introduced steep price rises and a 60-percent devaluation to meet terms for a new loan from the International Monetary Fund to help keep up debt repayments.

■ Argentine-IMF Pact Seen
A senior Argentine official said Tuesday that agreement with the IMF on Argentina's future economic policy was imminent. Reuters reported from Buenos Aires.

German López, secretary-general of the presidency, said the agreement on future policy, known as a letter of intent, would be reached before Latin American nations meet in the middle of next month to consider regional debt problems.

His statement came a day after President Raúl Alfonsín met with the U.S. ambassador, Frank Ortiz, and four days after he had talks with a Cuban vice president, William Rhodes.

Mr. Alfonsín said he could not immediately establish the exact amount of Bolivia's foreign debt with private banks. But there were reports from New York that Bolivia owes about \$1 billion to a consortium of U.S. banks led by the Bank of America.

There were reports in La Paz, meanwhile, that the suspension would last for four years. But a leader of the Bolivian Workers' Confederation, Juan Lechin Quendo, said he did not know when payments to commercial banks would resume. "It all depends on the possibilities of activating the Bolivian economy," he said.

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CURRENCY RATES

Rate Interbank rates on May 30, excluding fees.
Official figures for Amsterdam, Brussels, Milan, Paris, New York rates of 2:00 pm EDT.

| | \$ | DM | FF | £ | Yen | SFR | Yen |
|------------|--------|------|-------|------|-------|-------|-------|
| Amsterdam | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Brussels | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| London | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Paris | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| New York | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Frankfurt | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Madrid | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Stockholm | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Oslo | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Copenhagen | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Helsinki | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Tokyo | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Singapore | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Bombay | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Calcutta | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Rangoon | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Manila | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Batavia | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Sourabaya | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Jakarta | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Bandung | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Semarang | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Surabaya | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Yogyakarta | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Medan | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Palembang | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Bandung | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Semarang | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Surabaya | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Yogyakarta | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Medan | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |
| Palembang | 1.6875 | 3.75 | 33.99 | 6.62 | 329.9 | 18.11 | 24.68 |

Source: Reuters. (Continued on Page 13, Col. 6)

INTEREST RATES

May 30

| | Dealer | D-Mark | Swiss Franc | Sterling | French Franc | ECU | SDR |
|------|-----------------|---------------|---------------|---------------|-----------------|---------------|-----------------|
| AAA | 10 1/4 - 11 | 5 1/2 - 6 | 3 1/4 - 3 1/2 | 5 1/4 - 5 1/2 | 12 1/2 - 12 3/4 | 8 1/4 - 9 1/4 | 9 1/4 - 9 3/4 |
| AA | 11 1/4 - 11 3/4 | 5 1/4 - 5 3/4 | 3 1/4 - 3 1/2 | 5 1/4 - 5 1/2 | 12 1/2 - 12 3/4 | 8 1/4 - 9 1/4 | 9 1/4 - 9 3/4 |
| A | 12 1/4 - 13 1/4 | 5 1/4 - 5 3/4 | 3 1/4 - 3 1/2 | 4 1/4 - 4 1/2 | 12 1/2 - 13 1/4 | 8 1/4 - 9 1/4 | 9 1/4 - 10 1/4 |
| BBB | 12 1/2 - 12 3/4 | 5 1/4 - 5 3/4 | 3 1/4 - 3 1/2 | 4 1/4 - 4 1/2 | 10 1/4 - 11 1/4 | 8 1/4 - 9 1/4 | 10 1/4 - 10 3/4 |
| BBB- | 13 1/4 - 13 3/4 | 5 1/4 - 5 3/4 | 3 1/4 - 3 1/2 | 4 1/4 - 4 1/2 | 10 1/4 - 11 1/4 | 8 1/4 - 9 1/4 | 10 1/4 - 11 1/4 |

Rates applicable to foreign deposits of \$1 million minimum (or equivalent).
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(Continued from Page 8)

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| COMPANY EARNINGS | | | |
|--|-------|----------|--|
| Revenue and profits, in millions, are in local currencies unless otherwise indicated | | | |
| Britain | | | |
| Int'l Thomson Org. | | | |
| 1st Quar. | 1984 | 1983 | |
| Revenue | 347.4 | 314.8 | |
| Profits | 9.2 | 5.6 | |
| Per Share | 0.831 | 0.82 | |
| Tate & Lyle | | | |
| 1st Half | 1984 | 1983 | |
| Revenue | 811.0 | 833.6 | |
| Pre-tax Net | 37.0 | 21.6 | |
| Per Share | 0.22 | 0.13 | |
| Canada | | | |
| Massey-Ferguson | | | |
| 1st Half | 1984 | 1983 | |
| Revenue | 545.1 | 402.3 | |
| Profits | 2.4 | (1) 17.9 | |
| or loss | | | |
| United States | | | |
| Stevens (J.P.) | | | |
| 2nd Quar. | 1984 | 1983 | |
| Revenue | 528.1 | 488.2 | |
| Net Income | 0.95 | 1.46 | |
| Per Share | 0.41 | 0.63 | |
| 1st Half | 1984 | 1983 | |
| Revenue | 1,070 | 892.1 | |
| Net Income | 0.29 | 0.70 | |
| Per Share | 0.46 | 0.94 | |

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Journal of Management Studies, 19(6), 701-718.



BUSINESS ROUNDUP

Chrysler Suit
Against GM
To Proceed

By Warren Brown

Washington Post Service

WASHINGTON — A federal judge has rejected General Motors Corp.'s request to throw out an antitrust lawsuit brought by Chrysler Corp. against a joint-venture company operated by GM and Toyota Motor Corp.

The ruling marks an important legal and public-relations victory for Chrysler, which has been seeking a public forum to argue that the GM-Toyota agreement would do grave injury to competition and employment in the domestic auto industry.

GM is the world's largest auto-maker and Toyota is the third-largest.

The GM-Toyota company, New United Motor Manufacturing Inc., is gearing up to build 250,000 subcompact cars a year at a former GM plant in Fremont, California. By a 3-to-2 vote, the Federal Trade Commission last month gave final approval to the joint venture, which plans to produce its first car late this year.

The ruling Tuesday by Judge Thomas F. Hogan in Columbia's District Court will have no immediate effect on those plans. But by giving Chrysler the right to press its antitrust claims, the court could be setting up a major stumbling block.

GM had asked the court to dismiss the suit on grounds that Chrysler had no legal standing to complain that it would be injured by the manufacturing and marketing of the new car — a front-wheel-drive subcompact derived from the Toyota Sprinter, which now is on sale in Japan. GM also argued that the court had no jurisdiction over Toyota, a Japanese corporation.

Judge Hogan dismissed both of those arguments.

Chrysler's chairman, Lee A. Iacocca, said: "I am pleased by the court's decision that Chrysler should have the chance to prove its case."

He said Chrysler will use the case to bring out information that he contends was concealed by the FTC in its deliberations on the joint venture.

"When we have the facts, we are confident that we will prove that this joint venture is illegal and should never have been approved by the Federal Trade Commission in the first place," Mr. Iacocca said.

National Semiconductor
Faces Military-Supply Ban

United Press International

SANTA CLARA, California — National Semiconductor Corp. disclosed Wednesday that the Department of Defense is considering not buying military aerospace equipment from the company because of the concern's criminal convictions.

In March the company pleaded guilty to 40 counts of a federal indictment alleging falsification of documents and mail fraud.

The indictment involved tests of computers from 1978 to 1981 for use in military jets, naval ships, missile systems and communications equipment.

Nothing was found wrong with the chips, but an investigation determined that during the period involved, the chips were not subjected to full "burn-in" tests required. The chips were operated at high temperature, for example, at 40 hours instead of 80 hours at a time.

During the investigation, the Defense Department took National off its list of suppliers in 1982 but restored the company two months ago.

On Wednesday, however, National Semiconductor said it has been informed that the Defense Logistics Agency has now formally proposed to bar the company as a supplier of military-aerospace products.

A reason given, according to a National spokeswoman, was that the company had pleaded guilty to criminal charges. A second reason was that the company has refused to blame the specific individuals involved in the incomplete testing.

National was given 30 days to respond to the Defense Logistics Agency, and Charles E. Spork, National's president, said the company would protest "vigorously."

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A.G. Becker Paribas
Reduces Staff by 10%

Reuters

NEW YORK — A.G. Becker Paribas Inc., the Wall Street investment firm, said Wednesday it cut its staff by about 10 percent, or 200 people, from all departments in order to minimize unprofitable operations.

Earlier this month, Cie. Financière de Paribas of France said it would buy from the firm's employee-shareholders the remaining equity in Becker Paribas it does not already own.

Japan Approves
Abortion Drug

The Associated Press

TOKYO — Ono Pharmaceutical Co. of Japan said Wednesday it has received government approval to manufacture and market an abortion drug, the first of its kind, that is effective in terminating pregnancies of four to six months.

Company officials declined to give further details. But Japanese reports said the new drug, named Preglandin, is a vaginal suppository containing prostaglandin, a kind of fatty acid. It is made from a derivative of prostate-gland hormones and induces a miscarriage within 24 hours of administration.

The Health and Welfare Ministry gave its approval under the condition that doctors would control the new drug as strictly as narcotics to avoid easy use of the medicine, the reports said. The drug will go on sale at the end of July, to doctors only, for about \$19 a dose, the reports said. When the drug is used, three days of hospitalization are required, compared with about a week when some conventional methods are used.

Liggett Didn't Mix With Grand Met's Strategy

New York Times Service

NEW YORK — Analysts believe that Grand Metropolitan PLC agreed to sell Liggett & Myers Tobacco Co. because the cigarette business did not fit into Grand Met's strategy.

They also believe that the company's decision to sell the unit may have been influenced by the fear that Liggett would lose its leading position in the generic, or non-brand-name, cigarette market.

"As far as Grand Met is concerned, the cigarette business did not fit into their overall strategy," said Jeffrey Weingarten, an analyst for Goldman, Sachs & Co.

While Liggett, based in North Carolina, has carved out a niche in generics, there is increasing competition from other cigarette makers. The changing outlook, analysts say, may have encouraged Grand Met to seek to sell the unit for less than analysts had earlier anticipated.

A group consisting of management, other employees and outside investors agreed in principle Tuesday to buy Liggett, the largest U.S.

maker of generic cigarettes, from Grand Met for \$325 million.

Grand Met, a London-based hotel, restaurant, liquor and gambling concern, said the sale was subject to a definitive agreement and completion of financial arrangements. Liggett produces Chesterfield, Eve, Lark, L&M and generic cigarettes, and has a tobacco-processing plant in Brazil.

The management group includes Kinsley van R. Dey Jr., the division's president and chief executive since 1977. Mr. Dey could not be reached for comment on the sale plans.

Grand Met acquired Liggett for \$590 million in one of the biggest takeover battles of 1980. Grand Met U.S.A., Grand Met's U.S. subsidiary, also operates Pinkerton Tobacco Co., Alpo pet foods, Atlantic Soft Drink Co., two Pepsi-Cola bottling companies, an exercise-equipment and sporting-goods company, Children's World child-care centers and Express Foods Co.

Grand Met had said in January that it was negotiating for the sale

of Liggett. The company has also announced that the profit, but not the capital from the sale, would be invested in diversification.

Arthur Kirsch, a vice president at Drexel Burnham Lambert, had estimated that the agreement would involve more than \$500 million. But since that estimate, Liggett's market share has begun to erode and its dominance in generics has been threatened by R.J. Reynolds Tobacco Co.'s announcement that it would reposition its Doral brand cigarette in the low-cost market. "I'm not sure that the returns are there anymore," Mr. Kirsch said.

Liggett's brand-name cigarettes have slipped to just slivers of the market while its generic business has grown so much that it accounted for 61 percent of the company's fiscal 1983 sales of \$562 million. "All the growth came from generic cigarettes," Mr. Weingarten said. Liggett's share of the total cigarette market is less than 4 percent.

When Liggett introduced the first no-brand cigarettes in 1980

they were an innovation. At a time when prices were rising and people were smoking less, generics brought new life to a declining industry. Since 1982, the category has grown from about 0.9 percent of the tobacco market to almost 3 percent. Until recently, Liggett had about 95 percent of the generic market.

Generics remain the fastest-growing category of the \$18-billion cigarette industry. According to John C. Maxwell Jr., an analyst for A.G. Becker Paribas Inc., the market share of brand cigarettes slipped in 1984's first quarter, while that of generics grew to 4.5 percent in the same period. If ranked with the brands, generics would be tied for sixth with Merit, behind Marlboro, Winston, Salem, Kool and Benson & Hedges. And that is without the benefit of the extensive advertising that the brands receive.

The sale of Liggett, analysts say, may result in a change in generic cigarette pricing. "Prices may rise," Mr. Kirsch said. "Liggett will have to fund the debt."

COMPANY NOTES

Air Florida has announced an agreement with General Electric Credit Corp. that provides a \$5-million loan to the airline. The accord, reached Tuesday, did not come in time to prevent Air Florida's suspension from the Airlines Clearing House because it was unable to pay the \$2 million it owed.

Apple Computer Inc. won an appeal in an Australian court that a Taiwanese-made personal computer called Wombat infringed its copyright. The U.S. concern said a ruling last December, which stated that computer programs were not entitled to copyright protection, could have cost it hundreds of millions of dollars a year.

Boeing Co. of the United States said its Boeing Commercial Airplane Co. unit received a \$180-million order from Deutsche Lufthansa AG for two 747-200-B aircraft. The planes are due to be delivered in May and June, 1985.

Borden Inc. said its board approved the purchase of up to 2 million shares of its common stock in the open market during the next several quarters. The U.S. company

has about 27.7 million shares outstanding, plus another 6 million shares held in its treasury.

Dome Petroleum Ltd. of Canada expects to reach debt-restructuring agreements with all its lenders by Thursday night, the company's chairman, Howard MacDonald, said. Agreements with secured lenders, representing about 160 million Canadian dollars (\$124 million) out of total debt of approximately 6 billion dollars, are required to complete the restructuring, he said.

Eastar Corp. of the United States told the Securities and Exchange Commission it turned down a "conditional" bid from Tesoro Petroleum Co. to acquire Eastar for more than \$20 per share because a competing bid from Allied Corp. and Ultramar PLC for \$18 per share was firmer. Major Eastar holders have criticized the low price of the Allied-Ultramar offer.

Finisler, the Italian steel pipe group, said it signed a letter of intent with China's Tianjin Metallurgical Bureau to build a seamless-steel-pipeline plant in China. The

value of the contract is between \$200 million and \$250 million.

K mart Corp. of the United States said it plans to buy shares of its common stock to offset dilution in earnings from shares issuable upon conversion of the company's 1999 6 percent convertible subordinated debentures, whose outstanding principal amount is \$199.3 million. The company said slightly more than 5.6 million shares will be issuable on conversion of the debentures, which represents about 4.4 percent of the company's outstanding stock.

Limited Inc. of the United States said it plans to wage a proxy fight to gain two seats on the board of directors of Carter Hawley Hale Stores Inc., the Los Angeles-based retailer. Limited last week abandoned its \$35-a-share tender offer for Carter Hawley stock, following moves by Carter Hawley to remain independent by buying 51 percent of its own stock and selling a new preferred issue of stock for \$300 million to General Cinema Corp. of Boston.

(Continued from Page 9)

stone of the company," he said. "But it's a long product-cycle business. So we have surrounded it with other businesses that have shorter life cycles. So we hope they'll help us grow at a more predictable rate of growth."

Despite this optimism, the price of SmithKline stock has slumped. The company's earnings had been growing about 20 percent a year, but last year grew only 2 percent in the fourth quarter, followed by 7 percent in this year's first period. Analysts calculate that as much as 60 percent of SmithKline's profits come from its ulcer pill.

Ron Nordmann, a health-care analyst at Oppenheimer & Company, said: "There are some positives. But they're not in balance. The negatives outweigh the positives."

Millions of dollars from the Tagamet bonanza have been allocated to research and development and two significant new drugs have sprung from SmithKline labs. Monocid, an injectable antibiotic effective against a broad spectrum of infections, came onto the market last week. Ridaura, an oral compound that treats rheumatoid arthritis, is expected to be approved for sale late this year.

SmithKline touts Monocid as "the right drug at the right time." Unlike competing antibiotics, it need be taken only once a day, while its animal-health busi-

ness is growing more than 15 percent a year.

SmithKline also makes the nation's fifth-largest-selling prescription drug, Dyazide, used in treating high blood pressure, is actually the most-prescribed product in this country; its sales rank below other products because their price is higher. The drug is off patent and now faces many competing products.

Oppenheimer's Mr. Nordmann believes Dyazide is in trouble, though Mr. Wendt says sales continue to grow.

Mr. Wendt hopes for greater interaction between Beckman and SmithKline's pharmaceutical research staff. The two groups, for example, have come up with a flow-through detector that detects radioactivity. Beckman thinks it could generate millions of dollars' worth of sales.

But so much still depends on Tagamet. Who knows when Tagamet sales will stop growing? Mr. Nordmann suggests that \$1 billion will be the ceiling. In his view, the outlook is poor. Not only is there competition from Zantac, he says, but also at least four other anti-ulcer drugs are being developed at other drug houses.

"My biggest disappointment in SmithKline," he said, "is that they began the Tagamet development program in 1964, and 20 years later there isn't a second-generation

compound past the advanced clinical stage."

Mr. Wendt predicts that Tagamet's sales will keep climbing, though at a single-digit pace.

"They're more dependent on one drug than I'd like," acknowledged David Lippman, a Dean Witter analyst who takes a brighter view of SmithKline than most others do. "But the thing is," he said, "most companies are not black or white. Gray is the predominant color. The question is whether it's a darker or lighter shade of gray. I think it's a lighter shade."

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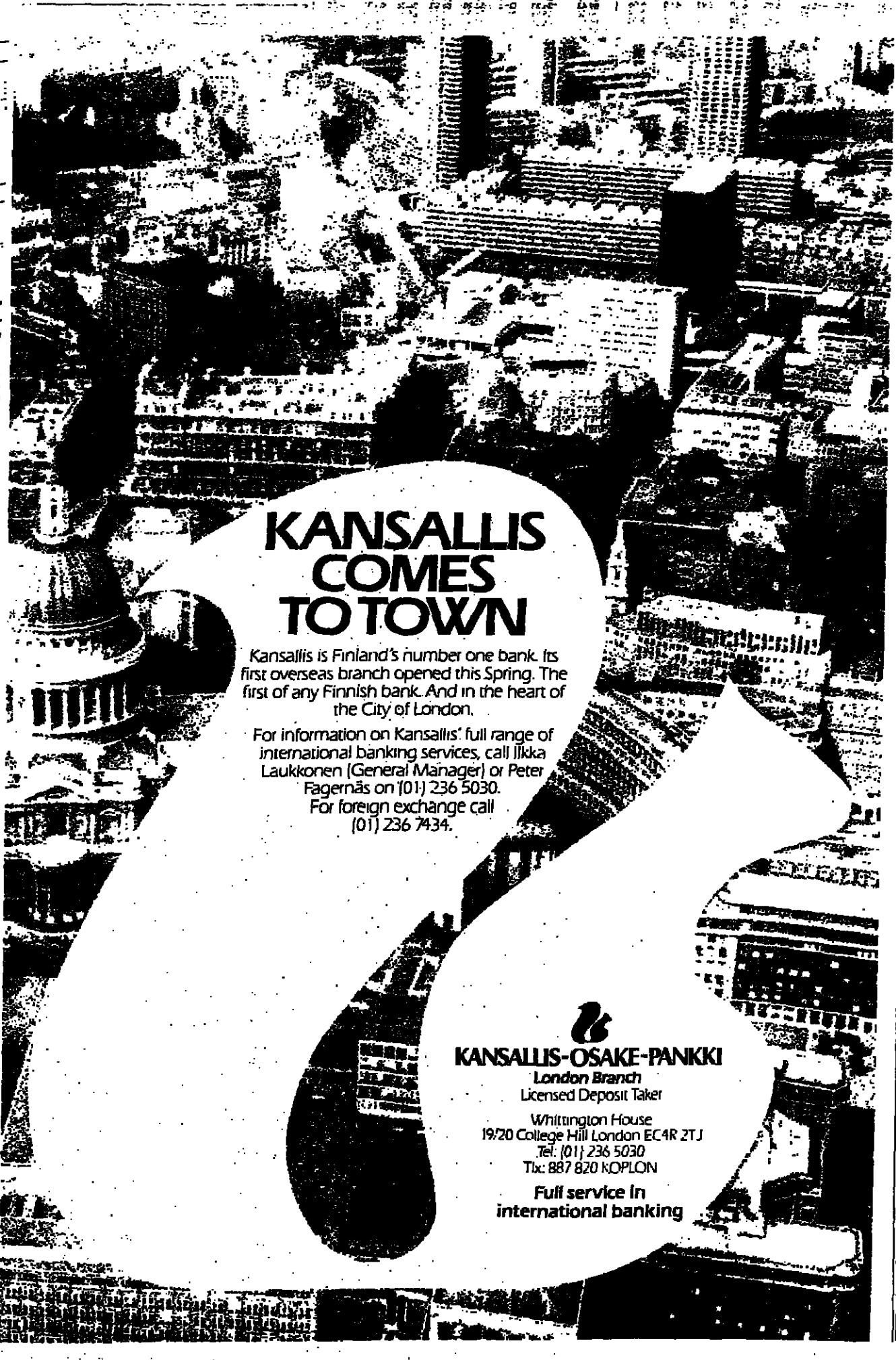
New-House Sales
Fell 5% in U.S.

WASHINGTON — U.S. sales of new houses dropped 5 percent in April, primarily because of higher mortgage-interest rates, the Commerce Department said Wednesday.

The annual rate of sales, 634,000 in April after seasonal adjustment, was the lowest since October and the same as April 1983.

But the average price of a new house fell by \$1,200 last month to \$95,300.

Most ominous for the housing industry in the latest sales figures is the increase in the number of unsold houses on the market.

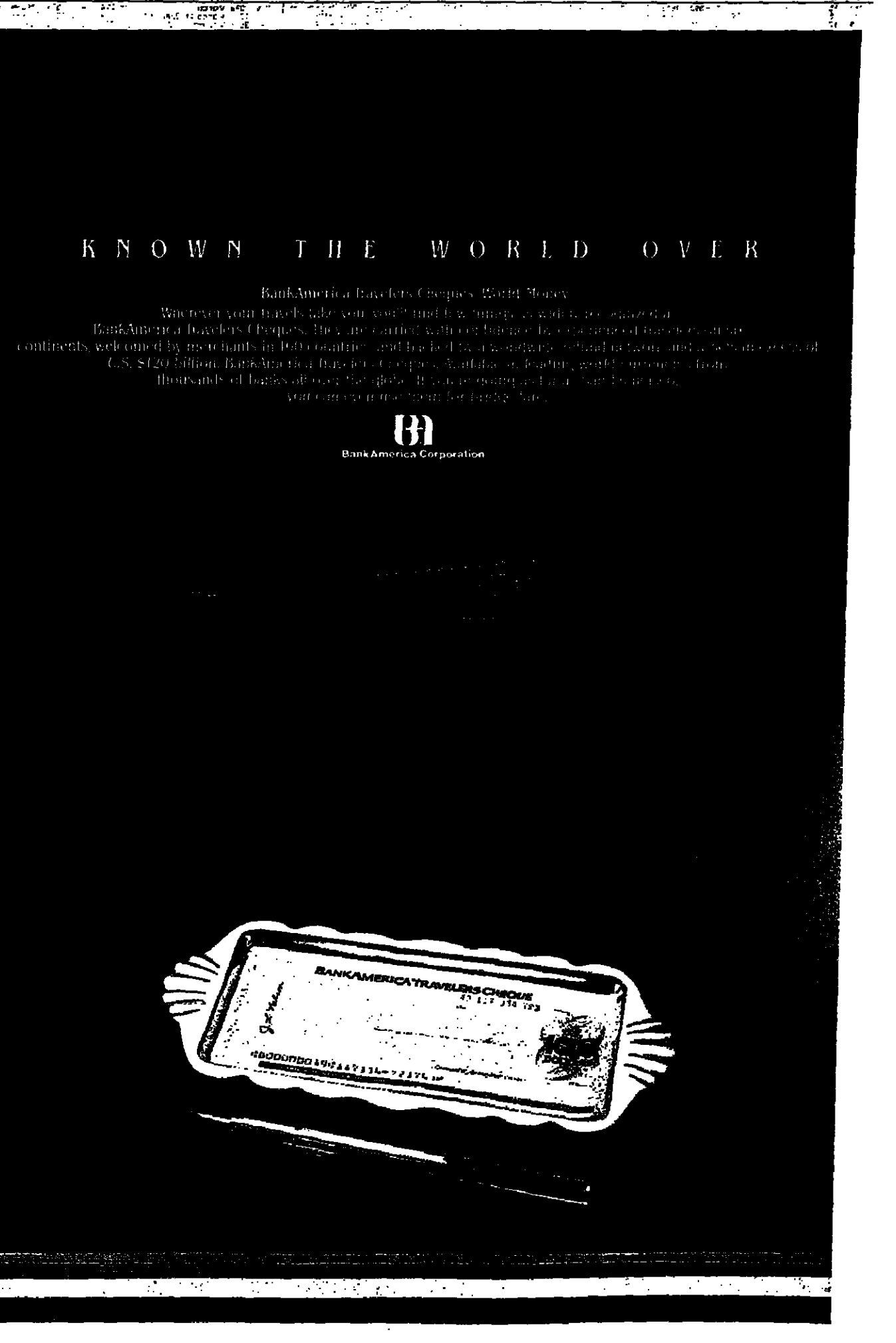


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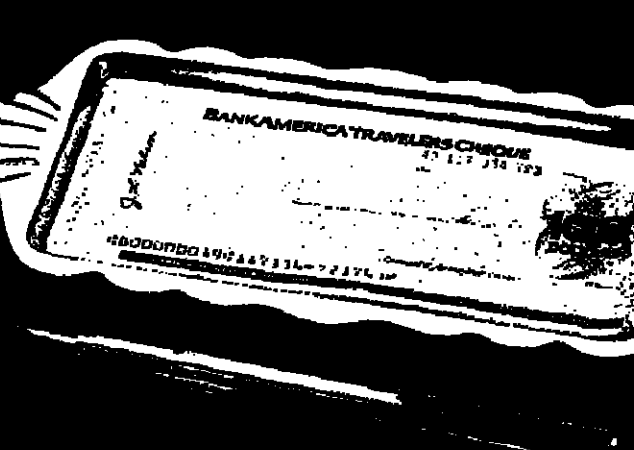


KNOWN THE WORLD OVER

BankAmerica Travellers Cheques, World Money

Wherever you travel, take your cash and buy money, a world money, a BankAmerica Travellers Cheque. They are carried with confidence by over 100,000 banks and merchants in 190 countries, and have been a world money for over 100 years. BankAmerica Travellers Cheques are the most widely used and most trusted of all travel money. They are the only travel money that can be cashed or used for purchases in over 100,000 banks and merchants in 190 countries. They are the only travel money that can be cashed or used for purchases in over 100,000 banks and merchants in 190 countries.

BANKAMERICA CORPORATION



Oil Prices Remain Stable Despite Gulf Tension, Bolstered by Confidence in Reserves

By Stuart Diamond

New York Times Service

NEW YORK — Despite recent bombings of oil tankers in the Gulf, oil prices are remaining stable on a widespread belief that large reserves outside the Gulf will prevent an immediate supply crisis.

Unless there is a total disruption

of Gulf supplies, experts indicate, world oil markets can handle supply shortages of more than 1 million barrels a day and perhaps as much as 4 million barrels. In the oil crises of 1973 and 1979, such shortages could not be borne by the markets.

"We could probably get along for many months if there is no hysteria," said John H. Lichtblau,

president of the Petroleum Industry Research Foundation. Nevertheless, there is broad uncertainty about the outcome of the war, which has lasted more than three years, and what effect further oil disruptions could have on prices and supplies. Predictions vary widely.

Henry Schuler, director of energy security studies at the George-

town Center for Strategic and International Studies, called the situation "precarious."

James R. Schlesinger, who was energy secretary in the Carter administration and is now an adviser with Shearson Lehman/American Express, called it "unlikely" that the Gulf could be closed for an extended period. He suggested that panic could be caused by further

attacks on tankers, but that it could be mitigated by oil stockpiles in oil-importing nations.

Among the uncertainties are these:

• The ability of Iran to damage severely Ras Tanura, a sprawling oil transport and docking area in Saudi Arabia, from which 4 million barrels, or 10 percent of the non-Communist world's oil supplies, flow daily.

• The inclination of Western oil importers to provide military protection to the Saudis.

• The extent to which Saudi Arabia will attempt to stabilize the situation by negotiating with Iran, putting pressure on Iraq or using its own oil reserves outside the Gulf.

• The extent to which oil exporters outside the Gulf, such as Libya and Nigeria, will use their excess production capacity, and the ability

of oil importers, such as the United States, to begin using their reserves quickly.

• The degree to which oil users might panic, buy oil for storage in a frenzied fashion and thus drive up prices and curtail available supplies.

"They are different parts of a pretty complicated reality," said William B. Quandt, a Middle East expert and senior fellow at the Brookings Institution in Washington. "Unless the Gulf war essentially shuts down Saudi production, the world can handle almost anything else. But there is a tremendous amount of uncertainty."

In response to such reasoning, spot-oil prices have changed only slightly during the tanker attacks of the past three weeks. In that time, the price of Saudi Light crude has risen just 35 cents a barrel, and has

settled back to about \$28.40 a barrel, only 20 cents higher than it was three weeks ago.

By contrast, in September of 1980, when the Iran-Iraq war started, prices were up \$5 a barrel in three weeks, Mr. Quandt noted.

Oil-futures prices, which often wildly fluctuate in times of turmoil, have also remained relatively stable.

Meanwhile, contrary to recent reports that shipping through the Gulf is down by seven-eighths, oil company sources Tuesday said that except for the Iranian port of Kharg Island, near which tankers have been attacked in recent weeks, Gulf shipping levels are normal.

Shipments from Kharg Island are down at least 1 million barrels a day, to 500,000 barrels or less, oil analysts say. That drop approximates the normal seasonal reduction

from the Gulf, one highly placed oil company source said. But the downturn is being absorbed almost entirely by Iran.

The excess production capacity outside the Gulf, meanwhile, totals 4 million to 5 million barrels a day, oil experts say. Rough estimates from several sources break it down as follows: an extra 1 million barrels from Nigeria, 500,000 to 700,000 barrels from Venezuela, 1 million barrels from a Saudi pipeline to the Red Sea port of Yanbu, 500,000 barrels from Mexico, 500,000 barrels from Algeria, 400,000 barrels from Libya and 400,000 barrels from Canada, Indonesia and other nations.

Moreover, the United Arab Emirates is thought to be able to increase its capacity at least 500,000 barrels a day.

It Always Seems the Darkest Before the Dawn

(Continued from Page 9)

toward the end of 1983, predicting stocks in the 1,400 to 1,500 range by the end of this year.

But he soured on the market in early February, when the Dow was about 100 points higher than it is today. His souring came after he figured that interest rates were not going to decline and that 1984 corporate profits would peak in the first quarter.

"Stocks are 20 percent overpriced to the current level of interest rates, so even if there were a moderate rally in the bond market, I doubt very much the stock market would follow suit," he said.

While the only positive advice that Mr. Bhindokar offers overseas investors is to "maintain a market weighting in the energy sector," some other Wall Street firms do see possible opportunities.

E.F. Hutton has "isolated 13 equities which represent eight distinct industries or investment sectors where, for the most part, they not only sell at price/earnings ratios discounts to the stock market, but also provide yield premiums."

They are Allied Corp., Burlington Northern, Burlington Industries, Eastman-Kodak, Dayton-Hudson, IBM, Primark, Primor Motor Inns, Rohm & Haas, Sperry, United Technologies, Wal-Mart and Williams Cos.

Shearson/American Express also likes Wal-Mart, "coming off another incredible year, in the specialty-retailing sector, noting that it has mushroomed from revenue of \$44 million in 1971 to \$4.7 billion last year, with earnings growing commensurately."

Another factor — 30 per-

cent plus annually — Shearson favors in the group is Syms Corp.

Donaldson Lufkin & Jenrette is strongly recommending Rose's Stores, which D.L.J. says is selling at a 40 percent discount to the average P/E multiple of 12 selected discount retailers.

Robert Fandell, managing director of his own portfolio-investment and advisory firm in London, believes that Wall Street is near the bottom and describes himself as "pretty bullish."

"I like to buy hate and fear and sell greed," he said. "However, as long as uncertainties continue, the stock market's short-term trend will be extremely volatile in both directions."

Mr. Fandell, who returned earlier this week from a trip to New York, found "shattered nerves and fairly panicky people on Wall Street."

"Confidence in the banking system is very fragile," he said. "Continental Illinois is only going to be the first and not necessarily the largest — to flounder, unless something is done this side of the presidential election."

However, it is this fear that he thinks will "force the hands" of President Ronald Reagan and the Congress during the next few

months to enact a substantive federal deficit-cutting package that would impress investors, lower interest rates, and ignite the second leg of the bull market.

"Within two years, I see the Dow substantially over 1,500," he forecasts.

Mr. Fandell likes the "resilience" that Wall Street has shown since February in the face of continuing bad news. He thinks that stocks are in "bargain-basement territory." Compared to other world stock markets, he said that Wall Street now offers the most potential.

The group that he recommends most strongly comprise the interest-sensitive issues. He particularly favors housing and utility stocks. He prefers savings and loans to banks, noting that he has not purchased a bank stock in eight years.

Technology stocks look "very cheap" to him, with companies regardless of size that show solid balance sheets, the most attractive. Pharmaceuticals, "now selling at astonishingly low P/E's," are third on his list, as beneficiaries of a weaker dollar resulting from lower interest rates.

Gold Options (quotes in \$/oz.)

| Price | Aug | Nov | Feb |
|-------|------------|------------|------------|
| 300 | 1275.14/25 | 1240.24/30 | 1210.24/30 |
| 350 | 1275.14/25 | 1240.24/30 | 1210.24/30 |
| 400 | 1275.14/25 | 1240.24/30 | 1210.24/30 |
| 450 | 1275.14/25 | 1240.24/30 | 1210.24/30 |
| 500 | 1275.14/25 | 1240.24/30 | 1210.24/30 |

Valencia White Weld S.A.
1, Quai de Montebello
F-92015 Neuilly-sur-Seine
Tel. 31.02.51. Fax 28.305

Weekly net asset value

Tokyo Pacific Holdings N.V.
on May 28, 1984: U.S. \$126.79.
Listed on the Amsterdam Stock Exchange
Information: Pierson, Heiding & Pierson N.V.,
Herengracht 214, 1016 BS Amsterdam.

ADVERTISING INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

30 May 1984

| The net asset value quotations shown below are supplied by the Funds listed with the exception of some mutual funds whose net asset value quotations are supplied by the following: | |
|---|--|
| (a) — daily; (w) — weekly; (b) — bi-monthly; (r) — quarterly; (i) — irregularly. | |
| ALMA MANAGEMENT \$121.00 | LLOYDS BANK (INTL. POS. SEC. FUND) \$128.20 |
| (a) ALMA Trust S.A. \$121.00 | (a) Lloyds Int'l Growth \$128.20 |
| (b) ALMA Trust S.A. \$121.00 | (b) Lloyds Int'l Growth \$128.20 |
| (c) ALMA Trust S.A. \$121.00 | (c) Lloyds Int'l Growth \$128.20 |
| (d) ALMA Trust S.A. \$121.00 | (d) Lloyds Int'l Growth \$128.20 |
| (e) ALMA Trust S.A. \$121.00 | (e) Lloyds Int'l Growth \$128.20 |
| (f) ALMA Trust S.A. \$121.00 | (f) Lloyds Int'l Growth \$128.20 |
| (g) ALMA Trust S.A. \$121.00 | (g) Lloyds Int'l Growth \$128.20 |
| (h) ALMA Trust S.A. \$121.00 | (h) Lloyds Int'l Growth \$128.20 |
| (i) ALMA Trust S.A. \$121.00 | (i) Lloyds Int'l Growth \$128.20 |
| (j) ALMA Trust S.A. \$121.00 | (j) Lloyds Int'l Growth \$128.20 |
| (k) ALMA Trust S.A. \$121.00 | (k) Lloyds Int'l Growth \$128.20 |
| (l) ALMA Trust S.A. \$121.00 | (l) Lloyds Int'l Growth \$128.20 |
| (m) ALMA Trust S.A. \$121.00 | (m) Lloyds Int'l Growth \$128.20 |
| (n) ALMA Trust S.A. \$121.00 | (n) Lloyds Int'l Growth \$128.20 |
| (o) ALMA Trust S.A. \$121.00 | (o) Lloyds Int'l Growth \$128.20 |
| (p) ALMA Trust S.A. \$121.00 | (p) Lloyds Int'l Growth \$128.20 |
| (q) ALMA Trust S.A. \$121.00 | (q) Lloyds Int'l Growth \$128.20 |
| (r) ALMA Trust S.A. \$121.00 | (r) Lloyds Int'l Growth \$128.20 |
| (s) ALMA Trust S.A. \$121.00 | (s) Lloyds Int'l Growth \$128.20 |
| (t) ALMA Trust S.A. \$121.00 | (t) Lloyds Int'l Growth \$128.20 |
| (u) ALMA Trust S.A. \$121.00 | (u) Lloyds Int'l Growth \$128.20 |
| (v) ALMA Trust S.A. \$121.00 | (v) Lloyds Int'l Growth \$128.20 |
| (w) ALMA Trust S.A. \$121.00 | (w) Lloyds Int'l Growth \$128.20 |
| (x) ALMA Trust S.A. \$121.00 | (x) Lloyds Int'l Growth \$128.20 |
| (y) ALMA Trust S.A. \$121.00 | (y) Lloyds Int'l Growth \$128.20 |
| (z) ALMA Trust S.A. \$121.00 | (z) Lloyds Int'l Growth \$128.20 |

Floating Rate Notes

May 30

Banks

Issuer/Min/Corp/Int. Coupon Next Bid Ask

Arco Bank Corp 3/14/84 10% 100 100.00 100.00

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Brazil Reduces by Half Exports of Steel to U.S.

The Associated Press

RIO DE JANEIRO — The government has cut by more than half its steel exports to the United States, following heavy import duties by the U.S. Department of Commerce, the federal import-export bureau has announced.

Brazil will restrict exports of steel from government mills to 430,000 tons until April 30, 1985, the bureau said. This compares with 900,000 tons last year. In April, the U.S. Commerce Department imposed duties ranging from 17.42 percent to 62.18 percent on steel from Brazilian state-run mills.

Foreign Investment Fell Again in U.S. Last Year

Reuters

WASHINGTON — Foreign investment in the United States declined in 1983 for the second consecutive year.

Foreign investors, either directly or through U.S. affiliates, spent \$6.6 billion in 1983, and started up or took over 629 U.S. businesses. The expenditures compared with \$10.82 billion in 1982.

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